

Joint Legislative Audit and Review Commission

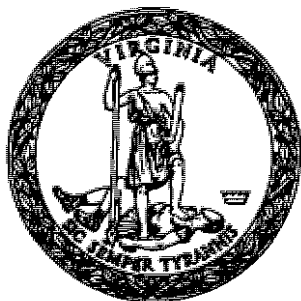
The Virginia General Assembly

**Review of  
Community Action  
in Virginia**

**REPORT OF THE  
JOINT LEGISLATIVE  
AUDIT AND REVIEW COMMISSION**

# **Review of Community Action in Virginia**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



## **HOUSE DOCUMENT NO. 43**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
1989**

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## Preface

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Item 469 of the 1987 Appropriations Act directed JLARC to "conduct a performance audit and review of the programs and activities of Community Action Agencies". This report addresses that mandate.

Community action agencies provide programs which are designed to help low-income persons become self-sufficient. Community action is primarily federally funded and locally controlled. However, the Virginia Department of Social Services is charged with distributing some funds and overseeing community action agencies and programs.

Community action in Virginia was funded at nearly \$50 million in FY 1988. These funds were used for a variety of programs and activities by the agencies. Program performance varies across agencies, and many agencies have records management procedures which impede accurate reporting and accountability.

Further, program and financial oversight by the Department of Social Services should be improved. The Department needs to develop and implement a practical and independent oversight role for the State. Recommendations in this report address these and other areas found to need improvement in the Department of Social Services as well as in the individual community action agencies.

I am pleased to note that the Department of Social Services is in agreement with our recommendations. In his written response, the Commissioner presents the Department's action agenda for implementing our study recommendations.

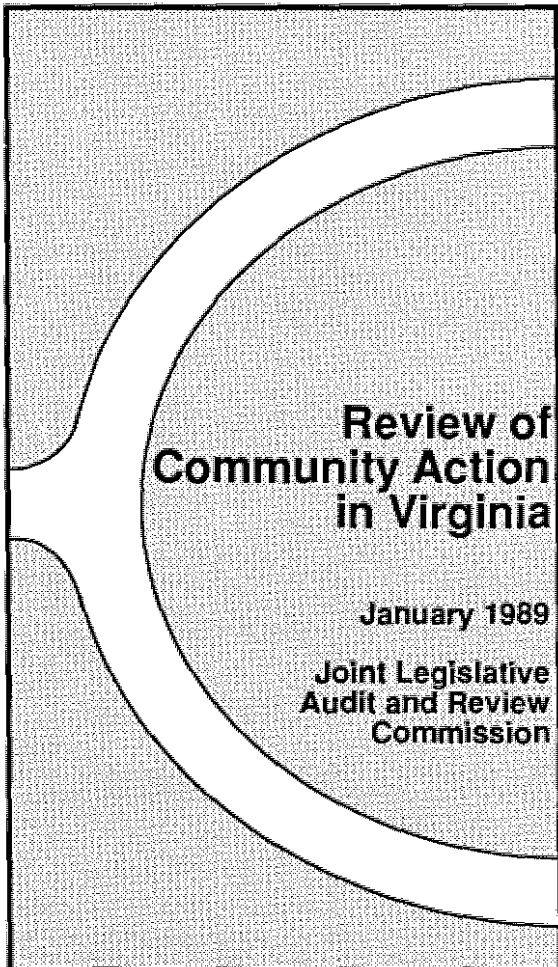
On behalf on the JLARC staff, I would like to thank the staff of the Department of Social Services, the 27 local community action agencies, and the four community action statewide organizations for their cooperation and assistance during the course of this study.



Philip A. Leone  
Director

January 18, 1989

# JLARC Report Summary



Community action programs are designed to help low-income individuals become self-sufficient. Most community action programs are administered by community action agencies (CAAs). CAAs are locally operated agencies which are either nonprofit incorporated entities, agencies of local government, or quasi-public agencies. There are 27 local CAAs and four community action statewide organizations operating in Virginia.

Community action is primarily federally funded and locally controlled. For the most part, CAAs are autonomous and able

to determine their own particular missions, programs, operational requirements, and funding strategies. However, the Virginia Department of Social Services (DSS) is charged with distributing some funds to the CAAs and statewide organizations and overseeing their operations. The department, the 27 CAAs, and the four statewide organizations comprise the community action "system" in Virginia.

Although each CAA can describe case examples of successful program performance, a system-wide assessment showed that CAA performance is mixed. Not all CAAs perform equally well. Extreme variability is evident in the number of programs offered, as well as in the success with which these programs are conducted.

CAA funding has increased over the past six years. Nearly \$50 million was received by the community action system in FY 1988. Community action funding is received from numerous sources and is used to provide various program services.

Varied programs and multiple funding sources make accountability imperative for CAAs. However, problems exist with certain CAA programs and procedures that make accountability difficult. Further, DSS needs to significantly strengthen its oversight of community action.

This report summary briefly references study findings and recommendations. Detailed explanations are contained in the text of the report.

## **CAAs Demonstrate Varied Program Effort and Performance**

The performance of CAAs is difficult to measure. Much of the data necessary to indicate program performance were not available or were not of sufficient quality to

support a comprehensive assessment of all CAA programs. Selected factors related to CAA programs were therefore reviewed.

The review indicates that program effort and performance across CAAs varies tremendously. CAAs exhibit mixed performance in the provision of services to clients. Not all CAAs perform equally well. Extreme differences exist in the number and types of programs offered, the success of these programs, numbers of clients served, average costs per client, and amounts of local cash support provided.

In addition, duplication does occur between community action programs and the programs of other human service providers. However, factors such as demand for services and geographic considerations indicate that some of the duplicative services may be justifiable.

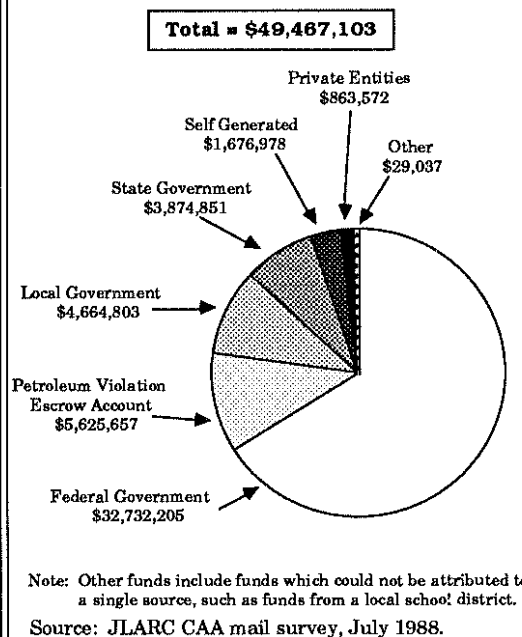
## Community Action Funding Has Increased Over the Last Six Years

In FY 1988, the community action system received nearly \$50 million in funding. Of this total, the 27 CAAs received \$43 million. This amount is \$12 million more than the \$31 million which was received by CAAs in FY 1983.

The federal government serves as the primary source of funding. In addition, community action agencies also receive funding from the State, local governments, private entities, the petroleum violation escrow account, and revenue generating activities conducted by the CAAs themselves.

In FY 1988, the State provided over \$3.8 million in State funds for community action. Of this total, \$1.3 million was a non-program designated appropriation to support general operating costs of CAAs. The General Assembly has extended this funding through the FY 1988-90 biennium. Virginia appropriated more State funds to community action than did any of the other southeastern states in FY 1988.

## Sources and Amounts of Community Action Funds FY 1988



## Fund Distribution Formulas and Procedures Need Revision

Approximately \$15 million in State and federal funds for community action were disbursed through DSS in FY 1988. Community action statewide organizations also disburse State and federal funds to CAAs. A review of distribution procedures identified three problems.

First, the DSS formula used to distribute the community services block grant (CSBG) and the State non-program designated appropriation is not equitable. The formula gives inappropriate weight to historical funding of an agency and is contrary to the intent of Virginia's Community Action Act.

Second, the procedures used by DSS to distribute another federal grant appear to conflict with the intent of the Virginia Public Procurement Act. These proce-

dures could result in the appearance of partiality.

Third, a funding formula was recently implemented by Project Discovery, one of the statewide organizations. The formula appears to have been developed to justify prior allocation decisions rather than serve as an objective mechanism for making these decisions.

The following recommendations are made:

- Consistent with §2.1-598 of the Community Action Act, DSS should examine and revise the formula for distributing the federal FY 1990 CSBG allocation and any future CSBG and State non-program designated allocations. This revision should include phasing out the historical factor within the next three years.
- DSS should follow the intent of the Virginia Public Procurement Act when developing requests for proposals. Consideration should be given to including knowledgeable individuals outside the CAA system in the development of competitive funding procedures.
- The Department of Education should work with Project Discovery to design and implement a more equitable funding formula.

### **Financial Oversight of CAAs by DSS Is Not Adequate**

Annual independent audits indicate that CAAs are adhering to generally accepted accounting procedures. However, DSS is not providing adequate oversight of the financial practices of CAAs. One indicator of the lack of oversight is the varied administrative and operating costs across CAAs.

Two factors complicate DSS's financial oversight of CAAs. First, limited financial information is collected from CAAs. Second, DSS unnecessarily complicates fund distribution and oversight by using multiple fund disbursement cycles.

The following recommendations are made:

- DSS should distribute State and federal funds to CAAs in a manner which does not unnecessarily complicate CAA administration and DSS oversight.
- DSS should work with local and statewide CAAs to develop a format for periodic submission of comprehensive financial information. DSS should prepare a "descriptive" budget summary on an annual basis which organizes this information in a fashion that would be helpful in its funding and oversight role.
- DSS should define administrative costs as they pertain to the CAAs and establish a target for these costs. DSS should monitor the CAAs' administrative expenses and provide the assistance necessary to help them meet the established target.

### **Program Oversight of CAAs Also Needs Improvement**

DSS is the principal agency responsible for overseeing the operations of CAAs and CAA programs. DSS submits assurances to the federal government that monitoring activities are being performed. The Departments of Education, Criminal Justice Services, and Housing and Community Development are also responsible for limited CAA oversight.

Program oversight of CAAs by DSS has been minimal. Despite written policy

requiring annual on-site monitoring visits, the majority of CAAs have not received on-site monitoring for well over two years. No written policy exists for the review and provision of feedback to CAAs regarding grant application documents and quarterly reports. Further, there is no coordination of monitoring and funding activities between DSS and other State agencies with oversight responsibilities.

CSBG directors in other southeastern states reported that they performed more monitoring of CAAs than Virginia in FY 1988. However, Virginia allocates more State funds to community action than any of these states.

The following recommendations are made:

- DSS should develop an oversight policy and make systematic monitoring of CAAs a priority. The DSS Commissioner may wish to designate a team of DSS professionals to assist in this task.
- State agencies responsible for CAA oversight should establish written procedures for monitoring activities, and monitoring should be required at least annually. DSS should establish agreements with the Departments of Criminal Justice Services, Education, and Housing and Community Development to receive copies of all monitoring reports. DSS should also prepare and submit a biennial report to the Secretary of Health and Human Resources summarizing the status of all community action programs funded by State agencies.

### **Problems Exist with CAA Accountability**

The varied programs and funding sources of CAAs make it imperative that

CAAs be accountable for their activities. However, problems exist with certain CAA programs and procedures that make accountability difficult. Eleven CAAs operate programs that do not have eligibility requirements. At least three of these CAAs are also serving out-of-state clients. These practices increase the risk that funds intended to benefit Virginia's low-income population are not being directed to the appropriate clients.

In addition, almost one-half of the CAAs utilize records maintenance practices which inhibit their ability to accurately report program activities or determine numbers and types of clients served. In addition, client files often do not contain documentation of clients' eligibility for services or are non-existent.

The following recommendations are made:

- As a high priority oversight objective in 1989, DSS should review the programs of those CAAs which provide services without eligibility requirements. DSS should assist each agency in developing procedures which address services to non-low-income clients.
- DSS should develop a uniform policy regarding the provision of community action agency services to non-Virginia residents. CAAs should conform to the policy.
- DSS should assemble a team of CAA administrative personnel to develop practical solutions to CAA records management problems.
- CAAs should maintain a client file on every person who receives a service from the agency. Certain exceptions should be allowed. DSS staff should monitor CAAs to ensure compliance in this area.

## Most CAAs Demonstrate Organizational Viability

A number of factors were examined to assess each CAA's viability, or demonstrated ability to grow and survive as an organizational entity. The overall organizational viability of most CAAs appears sound.

However, the analysis indicated that two community action agencies — Danville (CIC) and Stanardsville (GCCDAC) — exhibit numerous organizational weaknesses. Agency consolidations could result in improved and expanded services to the low-income populations in these areas.

The following recommendation is made:

- DSS should work closely with Danville (CIC) and Stanardsville (GCCDAC) to determine if consolidation with other CAAs could enhance the provision of low-income services in those areas. Any actions concerning agency consolidation should be made pursuant to §2.1-597 of the *Code of Virginia*.

## Other Organizational Concerns Require Attention

Two other organizational concerns were assessed during the study. These include the composition of boards of directors and the frequency, content, and costs of conferences sponsored by the Virginia Association of Community Action Agencies (VACAA).

Problems exist with the composition of the boards of directors of statewide organizations and some local CAAs. Further, more training for board members is needed.

The number of conferences held each year by VACAA appears excessive. VA-

CAA sponsors five conferences each year for training staff, exchanging information, and conducting CAA-related business. CAAs use CSBG and other funds to pay for the conference expenses, which were over \$62,000 for a single conference. In light of CAA concerns over funding, the current number of conferences represent a questionable expenditure of agency resources.

The following recommendations are made:

- The General Assembly may wish to amend §2.1-595 of the *Code of Virginia* to require that membership of community action statewide organization boards of directors conform to the membership requirements for community action agency boards.
- DSS should monitor CAAs to ensure that agencies with less than a one-third low-income representation comply with State and federal requirements concerning composition of community action boards.
- The General Assembly may wish to amend §2.1-591 of the *Code of Virginia* to make State provisions regarding membership of public officials on CAA boards parallel federal statutes.
- DSS should assess local CAA board training. DSS should assist in the development of board training programs and include a review of these programs during on-site monitoring visits.
- VACAA should consider decreasing the number of CAA conferences held each year.

### **Funds Available for Community Action Could be Increased Through Cost Savings and Expanded Local Support**

CAAs may be able to realize cost savings by assessing several areas of operations and modifying current practices. Areas in which cost savings might be realized include: VACAA conferences, administrative and operational expenditures, sliding fee scales for non-low-income recipients of services, and possible consolidation of weaker CAAs.

Further, ability to obtain local funding for CAAs varies throughout the State. While the State has imposed a 20 percent non-federal match for the CSBG, no such match has been required of the State non-

program designated appropriation. It would be reasonable to require a local match for this appropriation.

The following recommendations are made:

- DSS should request that statewide and local CAAs undertake cost savings assessments. DSS should pursue these activities with CAAs as part of routine monitoring.
- The State may wish to consider requiring a 20 percent funding match for any future State appropriation of non-program designated funding to CAAs. The Secretary of Health and Human Resources should assess the feasibility of such a match.

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## I. Introduction

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The Community Action Act (§§2.1-587 through 2.1-598 of the *Code of Virginia*) provides for community action programs and agencies in Virginia. Community action programs are designed to help low-income individuals improve their quality of life and become self-sufficient.

Most of the community action programs are provided by community action agencies (CAAs). CAAs are locally operated agencies which are nonprofit incorporated entities, quasi-public agencies, or agencies of local government. In addition to the local community action agencies, there are four community action statewide organizations operating in Virginia.

A small office in the Department of Social Services (DSS) is charged with distributing the community services block grant to the 27 local community action agencies and overseeing these agencies. In addition, the office is charged with overseeing the operations of the four community action statewide organizations. Although the DSS oversees the program, community action differs from traditional social services. Because of their autonomous nature, local focus, and the existence of governing boards, individual CAAs are able to determine their own particular missions, programs, operational requirements, and funding strategies. These areas are often circumscribed for governmental social service agencies.

For most of its history, community action has been a federally funded and locally controlled program. Prior to 1981, the majority of the funding for CAA programs came directly from the federal government to local community action agencies. In 1981, the federal government began involving the states in two ways. First, the federal government began distributing the community services block grant (CSBG) to the states. The states, in turn, distribute the block grant to individual community action agencies. Second, the states became responsible for providing the federal government with assurances that all the requirements of the CSBG Act are being met.

Although total community action funding has increased over the past six years, the amount of the federal CSBG has decreased. This has prompted the community action agencies to look to the State as an additional source of funding.

### BACKGROUND AND HISTORY OF COMMUNITY ACTION

During the past 24 years, community action agencies have been administered primarily under three pieces of federal legislation — the Economic Opportunity Act of 1964, the Community Services Act of 1974, and the Omnibus Budget Rec-

conciliation Act of 1981. Each successive piece of legislation lessened federal involvement and support while it increased state involvement. However, community action still has been funded primarily by the federal government throughout this period.

The mission of community action has not changed significantly during its 24-year history. Continued emphasis is still placed on having a measurable impact on the causes of poverty.

### **Federal Legislation**

Community action began in 1964 as a major initiative of the federal War on Poverty. The initial legislation, the Economic Opportunity Act, did not require state or local cooperation to establish a community action agency. That legislation was replaced by the Community Services Act, which decreased the number of federal programs aimed at the low-income population. The current legislation, the Community Services Block Grant Act, created a program which is still predominantly federally funded, but which directs the states to distribute the funds and perform in an oversight capacity.

*Economic Opportunity Act.* Passage of the federal Economic Opportunity Act in 1964 created the federal Office of Economic Opportunity and began the War on Poverty. The threefold strategy of the War on Poverty included (1) providing educational and training opportunities and improved services to the poor, (2) changing institutions to allow the poor a greater voice in determining their own destiny, and (3) expanding direct assistance to the poor through services such as health care, shelter, and nutrition.

The Economic Opportunity Act authorized the creation of a number of anti-poverty programs. Most of these programs were administered locally by CAAs. Funding for these programs originated in several federal agencies, including the Office of Economic Opportunity; the Department of Health, Education, and Welfare; the Department of Labor; and the Department of Agriculture.

Community action agencies were designed to bring poverty programs directly into the community. They were usually formed by concerned citizens or groups of citizens. Involvement by state or local government was not necessary. The agencies were intended to deliver services that were experimental, adaptable to local situations, and varied depending upon the needs identified at the community level.

However, by the end of the 1960s, the War on Poverty had not succeeded in meeting its goal of eliminating the causes of poverty. During the 1970s, the Nixon administration sought to decrease expenditures and de-emphasize the federal role in fighting poverty, placing greater responsibility on the states to administer poverty programs under the federal revenue sharing concept.

*Community Services Act.* Congress amended and reauthorized the Economic Opportunity Act as the Community Services Act in late 1974. Head Start and community action still remained two of the largest anti-poverty initiatives under the Community Services Act. However, the Act included fewer anti-poverty programs to be administered by community action than did the Economic Opportunity Act.

Throughout the remainder of the 1970s, the Community Services Act was amended a number of times. These legislative changes were initiated by questions regarding the Act's efficiency and effectiveness in dealing with the causes of poverty. By the 1980s, both the administration and Congress wanted major changes in the nation's anti-poverty program.

*Community Services Block Grant Act.* In 1981, the Reagan administration proposed the elimination of the Community Services Act and the transfer of its activities into a block grant program. Congress agreed and in that year passed the Omnibus Budget Reconciliation Act, which contains the Community Services Block Grant Act. This Act is administered at the federal level by the Office of Community Services in the U.S. Department of Health and Human Services.

### **Mission of Community Action**

The mission of community action, as currently detailed in the Omnibus Budget Reconciliation Act (OBRA) of 1981 (42 USCS §9904), has actually changed very little since the program was created 24 years ago. The OBRA directs community action agencies to use CSBG funds to:

- provide a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem;
- provide activities designed to assist low-income participants including the elderly poor;
- provide on an emergency basis for the provision of such supplies and services, nutritious foodstuffs, and related services, as may be necessary to counteract conditions of starvation and malnutrition among the poor;
- coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of such services to low-income individuals;
- encourage the use of entities in the private sector of the community in efforts to ameliorate poverty in the community.

## COMMUNITY ACTION IN VIRGINIA

According to 1980 census figures, 16.4 percent of Virginia's population had incomes of less than 125 percent of the federal poverty income guideline. These individuals are considered low-income. The concentration of the low-income population ranges from 14.4 percent in urbanized areas to 19.4 percent in rural areas. There are pockets of poverty throughout the Commonwealth. However, particularly high concentrations of low-income people are found in the Tidewater and southwestern areas of the State.

Community action programs, as stated in both federal and State statutes, are directed at these low-income persons. Federal and State statutes mandate some responsibilities and broad structural requirements with which community action entities must comply. Community action agencies, however, have much latitude in structuring themselves, designing local programs to address divergent local needs, and obtaining support. As a result, Virginia's community action system involves a number of actors within varying organizational structures.

The community action system in Virginia includes 27 local community action agencies, four community action statewide organizations, and the Department of Social Services (Figure 1). The Department of Social Services is directed to distribute federal and State funding and to oversee the community action agencies and community action statewide organizations. Three other State agencies — the Department of Education, the Department of Criminal Justice Services, and the Department of Housing and Community Development — provide substantial funding and oversight to community action statewide organizations.

The 27 local community action agencies and four community action statewide organizations reported serving over 162,000 clients in over 80 different programs in FY 1988. Programs ranged from Head Start to employment programs and transportation services.

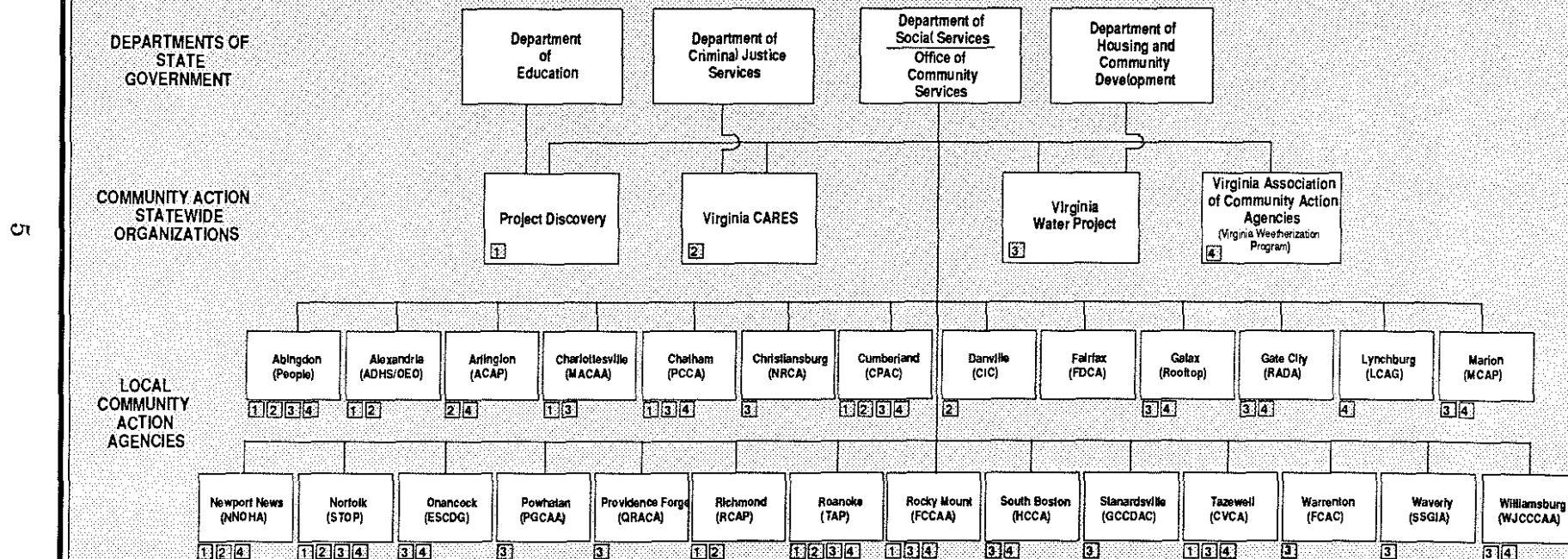
### **Local Community Action Agencies**

The 27 separate community action agencies serve approximately two-thirds of the jurisdictions in the State (Figure 2). One-third of the jurisdictions in the State are not served by a CAA. The majority of the CAA-served jurisdictions receive the full services of the local CAA. Ten CAA-served jurisdictions, however, receive only limited services. This means that only one or two programs are offered by the CAA serving those areas.

The majority of the CAAs are private nonprofit organizations. However, three are part of local government structures and another is quasi-public. The three local government agencies are in the city of Alexandria and the counties of Fairfax and Greene. The quasi-public agency is in Newport News.

Figure 1

# Virginia's Community Action System FY 1988

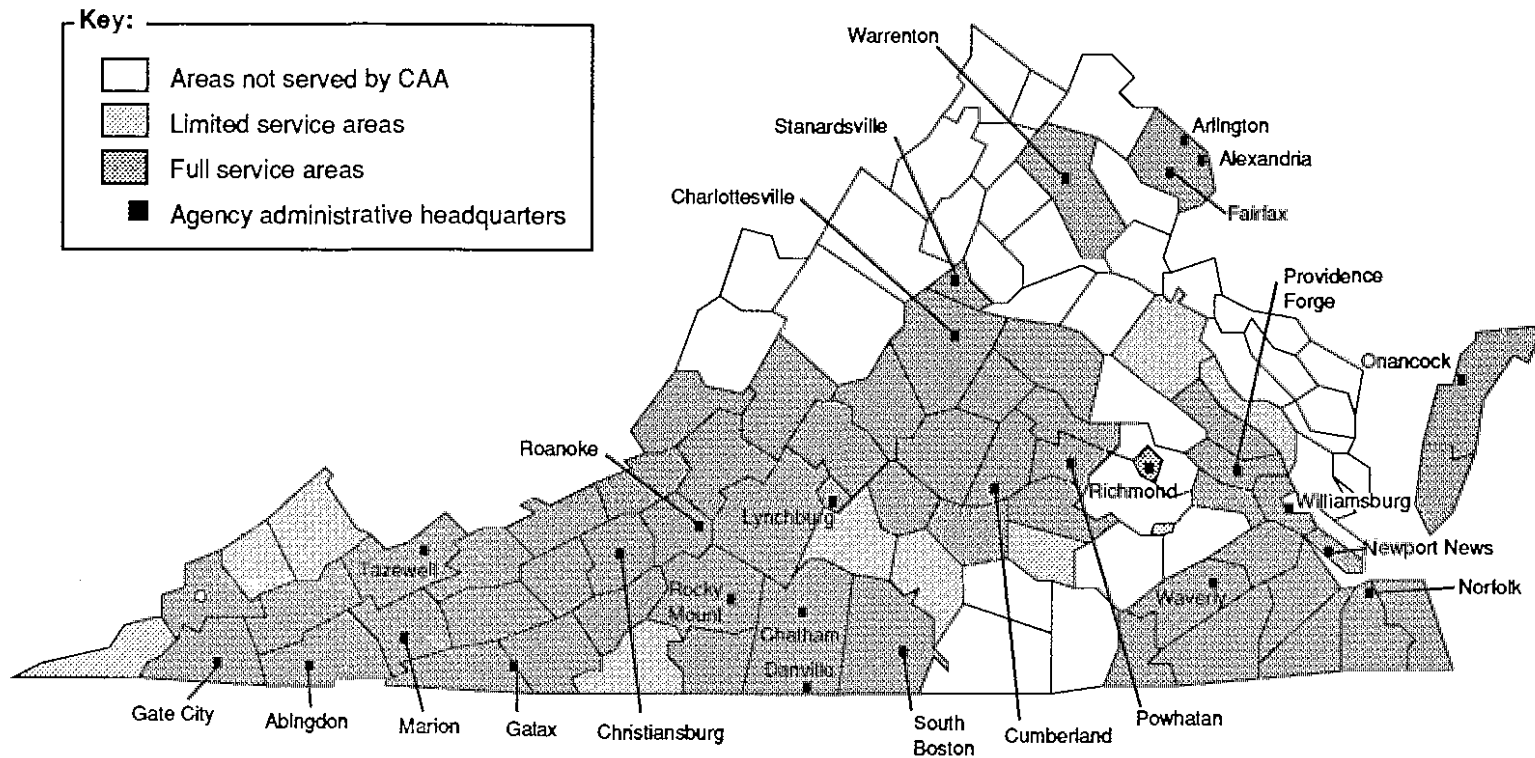


Note: Relationships exist between the statewide organizations and local agencies. Each statewide organization is denoted by a number. A boxed number under a local agency means the agency participates in the numbered statewide program and receives funding and oversight from the statewide organization.

Source: JLARC staff graphic.

Figure 2

## Community Action Agencies and Service Areas



Source: Analysis of JLARC CAA mail survey, July 1988.

The Community Action Act mandates that CAAs are to be governed by a board of directors. The composition of the board is mandated to be at least one-third low-income representatives, one-third public officials, and the remainder from major community groups such as business, civic, and religious groups.

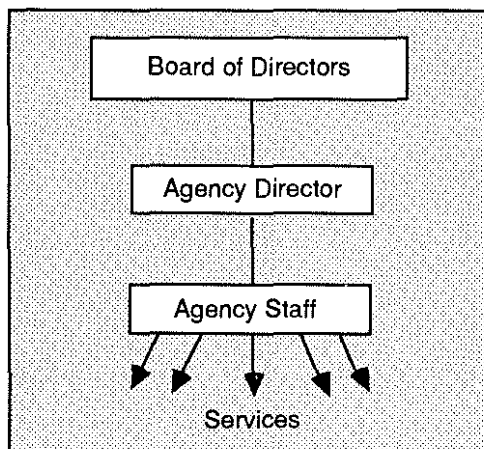
**Board of Directors.** Twenty-three of the CAAs are private nonprofit corporations. For these entities, administrative control is exercised through boards of directors (Figure 3). These boards serve in a supervisory capacity. The quasi-public agency also has a supervisory board.

Figure 3

### Administrative Control of Community Action Statewide Organizations and Community Action Agencies

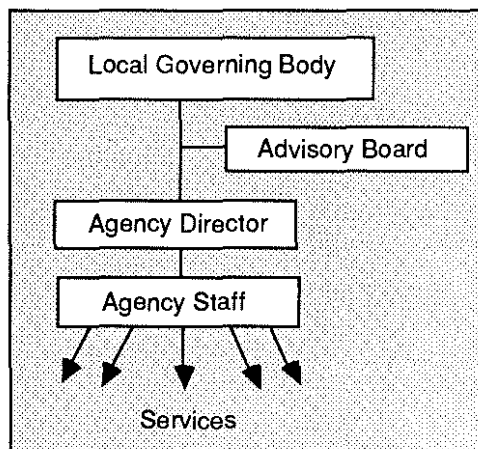
#### Private Nonprofit Agencies

- 4 community action statewide organizations
- 24 community action agencies



#### Subdivisions of Local Government

- 3 community action agencies



Source: JLARC staff graphic.

In contrast, three CAAs are subdivisions of local government. Administrative control for these agencies is exercised by the local governing body. The boards of directors for these agencies serve in an advisory capacity and have a limited administrative function.

**Staffing.** Each CAA has a director who is responsible for day-to-day agency operations. Additional administrative and direct service staffing is primarily influenced by funding levels and requirements of certain grants and contracts. The total number of full-time and part-time staff in CAAs during FY 1988 was 1,647 (Table 1).

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Table 1

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**Staff in Community Action Agencies  
FY 1988**

|                          | <u>Full-Time</u> | <u>Part-Time</u> | <u>Total</u> |
|--------------------------|------------------|------------------|--------------|
| Abingdon (People)        | 47               | 18               | 65           |
| Alexandria (ADHS/DEO)    | 11               | 2                | 13           |
| Arlington (ACAP)         | 65               | 1                | 66           |
| Charlottesville (MACAA)  | 39               | 30               | 69           |
| Chatham (PCCA)           | 55               | 45               | 100          |
| Christiansburg (NRCA)    | 54               | 16               | 70           |
| Cumberland (CPAC)        | 25               | 50               | 75           |
| Danville (CIC)           | 26               | 3                | 29           |
| Fairfax (FDCA)           | 20               | 1                | 21           |
| Galax (Rooftop)          | 47               | 4                | 51           |
| Gate City (RADA)         | 26               | 1                | 27           |
| Lynchburg (LCAG)         | 75               | 4                | 79           |
| Marion (MCAP)            | 62               | 7                | 69           |
| Newport News (NNOHA)     | 102              | 7                | 109          |
| Norfolk (STOP)           | 103              | 145              | 248          |
| Onancock (ESCDG)         | 28               | 65               | 93           |
| Powhatan (PGCAA)         | 8                | 4                | 12           |
| Providence Forge (QRACA) | 9                | 6                | 15           |
| Richmond (RCAP)          | 72               | 4                | 76           |
| Roanoke (TAP)            | 145              | 56               | 201          |
| Rocky Mount (FCCAA)      | 24               | 9                | 33           |
| South Boston (HCCA)      | 20               | 7                | 27           |
| Stanardsville (GCCDAC)   | 8                | 0                | 8            |
| Tazewell (CVCA)          | 27               | 9                | 36           |
| Warrenton (FCAC)         | 21               | 3                | 24           |
| Waverly (SSGIA)          | 5                | 0                | 5            |
| Williamsburg (WJCCCAA)   | <u>22</u>        | <u>4</u>         | <u>26</u>    |
| TOTAL                    | 1,146            | 501              | 1,647        |

Source: CAA director interviews, August 1988.

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CAAs augment paid staff with the use of volunteers. Directors in 16 CAAs reported that over 5,000 volunteers were used regularly in their agencies. The actual number of volunteers could not be determined for the remaining 11 agencies. These directors did not provide a specific number.

Volunteers assist in a number of CAA services, including Head Start, Project SHARE, Project Discovery, home repair, and the Retired Senior Volunteer Program. The number of hours worked by the volunteers varies across programs and agencies. Some volunteers work as little as two hours per month.

Funding. In FY 1988, community action agencies reported receiving approximately \$43 million in cash support from all sources (Table 2). Of this total, community action agencies reported receiving \$31 million in federal funds and \$2.8 million in State funds.

Clients. The Community Action Act identifies the low-income population as the group which CAAs are directed to serve. The Act further states that low-income is defined as 125 percent of the federal poverty guideline. Using this distinction, a family of four with an income at or below \$14,563 is considered low-income (Table 3).

The following examples illustrate some of the types of clients served by community action.

*For several years the local Department of Social Services (DSS) in the Charlottesville (MACAA) service area had been working with a family of three (husband, wife and child) living in a toolshed, approximately 12 feet by 12 feet. A social worker from the DSS had been supplying the family with food stamps and counseling. The social worker had tried to convince the parents that raising a six year old child in that living environment was unfit and was attempting to remove the child from the family. The DSS took the parents to court, where the judge directed them to find a suitable home within 30 days or he would remove the child. The judge also directed the social worker to contact MACAA.*

*Within two weeks of being contacted, MACAA found housing for the family by convincing a landlord to rent them a cottage at no rent for the first month. In addition, MACAA evaluated the family and found they needed other services. The husband had a minimum wage job, but had no idea of the value of money and was wasting his earnings. MACAA continues to provide the family with financial and marriage counseling, and nutritional information. Instructions have also been provided on how to use the appliances in their new home.*

\* \* \*

*An outreach worker at Providence Forge (QRACA) was notified about two elderly sisters in New Kent County who were living in dilapidated housing and drinking water from a contaminated well. After assessing the situation, the worker determined that several sources of assistance would be needed to help the sisters. The worker secured a grant from the Virginia Water Project to help with the expense of digging a new well and also convinced a number of private business men to donate their labor. In addition, the agency helped to obtain a house trailer, install it on site, run plumbing, and move the sisters into the structure.*

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**Table 2**

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## Community Action Agency Funding FY 1988

| <u>Community Action Agency</u>  | <u>Location</u>  | <u>Total Budget<br/>FY 1988</u> |
|---|------------------|---------------------------------|
| Alexandria Department of Human Services,<br>Division of Economic Opportunity (ADHS/DEO) | Alexandria       | \$ 1,120,832                    |
| Arlington Community Action Program (ACAP)   | Arlington        | 1,458,640                       |
| Central Piedmont Action Council (CPAC)  | Cumberland       | 1,632,934                       |
| Community Improvement Council (CIC)   | Danville         | 596,841                         |
| Clinch Valley Community Action (CVCA)   | Tazewell         | 1,166,178                       |
| Eastern Shore Community Development Group (ESCDG)                                       | Onancock         | 445,235                         |
| Fairfax Department of Community Action (FDCA)   | Fairfax          | 5,110,515                       |
| Fauquier Community Action Committee (FCAC)  | Warrenton        | 496,433                         |
| Franklin County Community Action Agency (FCCAA)   | Rocky Mount      | 884,082                         |
| Greene County Community Development Advisory<br>Committee (GCCDAC)                      | Stanardsville    | 208,462                         |
| Halifax County Community Action (HCCAA)   | South Boston     | 687,959                         |
| Lynchburg Community Action Group (LCAG)   | Lynchburg        | 1,479,087                       |
| Monticello Area Community Action Agency (MACAA)   | Charlottesville  | 1,509,099                       |
| Mountain Community Action Program (MCAP)  | Marion           | 1,970,620                       |
| Newport News Office of Human Affairs (NNOHA)  | Newport News     | 1,709,551                       |
| New River Community Action (NRCA)   | Christiansburg   | 1,995,650                       |
| People  | Abingdon         | 1,339,186                       |
| Pittsylvania County Community Action (PCCA)   | Chatham          | 2,436,491                       |
| Powhatan-Goochland Community Action Agency (PGCAA)                                      | Powhatan         | 544,549                         |
| Quin Rivers Agency for Community Action (QRACA)   | Providence Forge | 429,086                         |
| Richmond Community Action Program (RCAP)  | Richmond         | 2,241,669                       |
| Rooftop of Virginia (Rooftop)   | Galax            | 1,228,930                       |
| Rural Areas Development Association (RADA)  | Gate City        | 1,043,901                       |
| Southeastern Tidewater Opportunity Program (STOP)                                       | Norfolk          | 4,645,334                       |
| Sussex-Surry-Greenville Improvement Association<br>(SSGIA)                              | Waverly          | 332,187                         |
| Total Action Against Poverty (TAP)  | Roanoke          | 5,509,586                       |
| Williamsburg-James City County Community Action<br>Agency (WJCCCAA)                     | Williamsburg     | <u>732,449</u>                  |
| TOTAL   |                  | <u>\$42,955,486</u>             |

Note: Appendix B lists the service area of each community action agency.

Source: JLARC CAA mail survey, July 1988.

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Table 3

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### Poverty Income Guidelines

| <u>Family Size</u> | <u>Federal Poverty Guideline</u> | <u>125 Percent of Federal Poverty Guideline</u> |
|--------------------|----------------------------------|---|
| 1                  | \$ 5,770                         | \$ 7,213  |
| 2                  | 7,730                            | 9,663   |
| 3                  | 9,690                            | 12,113  |
| 4                  | 11,650                           | 14,563  |
| 5                  | 13,610                           | 17,013  |
| 6                  | 15,570                           | 19,463  |
| 7                  | 17,530                           | 21,913  |
| 8                  | 19,490                           | 24,363  |

Note: For family units with more than eight members, add \$1,960 per family member to determine the federal poverty level and \$2,450 per family member to determine 125 percent of the federal poverty level.

Source: *Federal Register*, Volume 53, Number 29, February 12, 1988.

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### Community Action Statewide Organizations

According to §2.1-588 of the *Code of Virginia*, community action statewide organizations are community action programs organized on a statewide basis. The organizations are formed to address needs which exist throughout the Commonwealth.

Community action statewide organizations are separate independent agencies. Each statewide organization has its own board of directors and a central office.

Community action statewide organizations generally provide for uniform service delivery throughout the State. The statewide organizations contract with local community action agencies and other private nonprofit organizations for the direct delivery of services. The statewide organizations are responsible for providing technical assistance and training to the contracted local agencies and at least partial funding of the local program cost. In addition, they monitor the local agencies' service delivery and fiscal operations related to the statewide program.

There are currently four statewide organizations. Oversight of each community action statewide organization is conducted by the State agency admini-

stering the funding for the program. The four statewide organizations are Project Discovery, Virginia Community Action Re-Entry System (Virginia CARES), Virginia Water Project, and the Virginia Association of Community Action Agencies, which operates the Virginia Weatherization Program. The projects are funded and monitored by the Department of Education, the Department of Criminal Justice Services, the Department of Housing and Community Development, and the Department of Social Services, respectively.

*Project Discovery.* Project Discovery is designed to enhance the access of low-income and minority students in grades six through 12 to post-secondary education. The program's focus and activities differ for junior and senior high school students. The senior high school curriculum consists of a series of workshops, college campus visits, and cultural enrichment events. The junior high school curriculum consists of discussions about goal setting, social awareness, and career options in a club-like setting.

In FY 1988, Project Discovery worked with 877 students through programs at 11 CAAs. Nine of the local programs were supported with State funds. Project Discovery is administered through a central office in Roanoke which has a staff of five.

*Virginia CARES.* The purpose of the Virginia CARES program is to help ex-offenders in the transition from incarceration to life outside of prison and in this way reduce recidivism. The program includes pre-release workshops in State correctional institutions and post-release services in the community. Virginia CARES staff generally focus on finding the ex-offender employment in the community.

Six CAAs administer Virginia CARES pre-release programs in 38 of the 43 State adult correctional facilities. Post-release services were provided in 19 localities by nine CAAs. A total of 2,410 ex-offenders were served by Virginia CARES' pre- and post-release services during FY 1988. Virginia CARES operates out of Roanoke with a central office staff of seven.

*Virginia Water Project.* The Virginia Water Project (VWP) works with community action agencies, community-based organizations, and local government officials to address the water and wastewater needs of rural Virginians. The program addresses these needs by providing financial assistance, training, and technical assistance.

Eighteen local CAAs conduct outreach and other work for the Virginia Water Project. In FY 1988, 334 VWP individual and community projects were initiated and 199 were completed. The statewide program has a full-time staff of 21 and is based in Roanoke.

*Virginia Weatherization Program.* The Virginia Weatherization Program was created through federal initiative for the purpose of conserving home energy, and therefore reducing energy costs for the low-income population. Work done to homes

may include installing insulation and storm windows, wrapping water heaters, and installing door sweeps and caulking to prevent air leakage.

The Department of Social Services contracts with the Virginia Association of Community Action Agencies (VACAA) to administer the program. VACAA then subcontracts with community action agencies as well as other nonprofit agencies to provide the direct services. Sixteen CAAs provide weatherization services at the local level. During FY 1988, 2,176 houses were weatherized by local CAAs.

VACAA performs oversight of the CAA and non-CAA groups which directly provide the weatherization services throughout the State. In addition, it determines the amount of funds allocated to each of these groups for weatherization activities. VACAA's administrative office is located in Richmond and has a weatherization staff of 15.

### **Virginia Association of Community Action Agencies**

As stated above, VACAA is the contractor for the Virginia Weatherization Program. In addition, it is the membership organization for local community action agencies and community action statewide organizations. VACAA is a private, incorporated, nonprofit organization. The purpose of VACAA, as stated in its by-laws, is "to generally do any and all lawful things in the furtherance of charitable, scientific, and educational purposes....." VACAA's board of directors is composed of 13 directors of community action agencies.

VACAA conducts five conferences a year. The conferences are primarily for CAA directors and staff. The purposes of the conferences are to provide opportunities for training and to allow community action staff to interact and exchange ideas.

### **Office of Community Services**

The Virginia Community Action Act was enacted in 1982. The Secretary of Health and Human Resources has designated the Department of Social Services (DSS) to administer the Act. The DSS established the Office of Community Services for this purpose.

The Office of Community Services is currently staffed with a director and one clerical/administrative staff member. The current director of the Office of Community Services has been in the position for slightly over one year. Plans are underway to hire an additional professional staff member.

The Community Action Act outlines the major responsibilities of the Office of Community Services (Exhibit 1). Additional responsibilities are set out in the

**Exhibit 1**

**Statutory Responsibilities of the  
Office of Community Services for Administering  
the Virginia Community Action Act**

1. Coordinate State activities designed to reduce poverty.
2. Cooperate with State and federal agencies to reduce poverty and implement community, social, and economic programs.
3. Receive and expend funds for any purpose authorized by the Community Action Act.
4. Enter into contracts and award grants to public and private nonprofit agencies and organizations.
5. Develop a State plan based on needs identified by community action agencies and community action statewide organizations.
6. Fund community action agencies and community action statewide organizations and promulgate rules and regulations.
7. Provide assistance to local governments or private organizations for the purpose of establishing or operating a community action agency.
8. Provide technical assistance to community action agencies to improve program planning, program development, administration, and mobilization of public and private resources.
9. Require community action agencies and community action statewide organizations to generate local contributions of cash or in-kind services as the agency may establish by regulation.
10. Convene public meetings which provide citizens the opportunity to comment on public policies and programs to reduce poverty.
11. Advise the Governor and the General Assembly of the nature and extent of poverty in the Commonwealth and make recommendations concerning changes in State and federal policies and programs.
12. Administer a community action budget and promulgate rules and regulations detailing the formula for the distribution of community action program budget funds.

Source: JLARC analysis of the *Code of Virginia*, §2.1-587 et seq.

*Commonwealth of Virginia Community Services Block Grant State Plan / Pre-Expenditure Report, Statement of Assurances for October 1, 1987 to September 30, 1988* (this document will be referred to as the State Plan throughout the remainder of this report). These responsibilities include oversight of CAAs, distribution of certain federal and State funds, and provision of technical assistance.

In FY 1988, the Office of Community Services in the Department of Social Services was responsible for distributing a total of \$15,681,487 in State and federal funds (Table 4). Portions of these funds were retained by the office, while the majority were distributed to other entities. Among the funds this office controlled in FY 1988 were the State non-program designated allocation, the petroleum violation escrow funds, and funds from the U.S. Department of Health and Human Services and the U.S. Department of Energy.

### CAA PROGRAMS

CAAs in Virginia offer a wide variety of programs throughout the State. In FY 1988, CAAs served an estimated 162,663 clients through more than 80 different programs. CAAs estimate that, on average, each client participated in three different agency programs.

**Table 4**

### **Funds Controlled by the Office of Community Services FY 1988**

| <u>Grant or Funding Source</u>               | <u>Amount of Funds</u> |
|--|------------------------|
| U.S. Department of Health and Human Services |                        |
| Community Services Block Grant               | \$ 5,417,726           |
| Community Food and Nutrition Grant           | 29,000                 |
| Homeless Grant                               | 600,727                |
| State Non-Program Designated Appropriation   | 1,283,257              |
| U.S. Department of Energy                    | 2,725,120              |
| Petroleum Violation Escrow Account           | <u>5,625,657</u>       |
| <b>TOTAL</b>                                 | <b>\$15,681,487</b>    |

Source: Analysis of information provided by the Office of Community Services, Department of Social Services, and the U.S. Department of Health and Human Services, 1988.

There is no standardized set of programs provided by each CAA. Each agency is encouraged to determine which programs to offer based on (1) the needs identified within the service area and (2) stated agency objectives. The CAAs appear to provide programs that meet these criteria.

In general, CAA programs can be categorized into 14 major program areas:

- community and economic development
- community organization
- education
- elderly services
- emergency services
- employment
- energy
- ex-offender services
- health
- housing
- nutrition
- recreation
- transportation
- water/wastewater

Although CAAs are involved in a variety of programs, in many cases the agencies may not directly deliver services. CAAs may contract with other organizations to provide programs, but still retain oversight and monitoring responsibilities. In addition, many CAAs provide support services such as clerical support, office space, and volunteer coordination to other organizations. Most CAAs have a variety of service agreements — both formal and informal — with other local social service organizations. For example:

*Richmond (RCAP) does not operate the Job Training Partnership Act (JTPA) program for its service area. However, it does perform the initial screening and application procedures for clients in need of the program. In addition, the JTPA program contracts with RCAP to provide transportation for selected clients from city schools to their respective worksites.*

Table 5 summarizes the program areas offered by each CAA. CAAs are credited with providing a service within a program area if they (1) provide a service directly, (2) provide more than 50 percent of a program's funding to another organization, or (3) provide significant support to another organization which is directly delivering services.

This section presents a brief summary of the 14 broad types of programs that are being provided by the CAAs. Case examples of some innovative or unique CAA programs are also provided.

### **Community and Economic Development**

Community and economic development programs are designed to assist the expansion of the low-income community's economic base. Most programs that are provided in this category have liberal or no eligibility requirements. Therefore, they may not target the low-income population.

Table 5

### Programs Offered by Community Action Agencies in Virginia FY 1988

| Agency                   | Community and Economic Development | Community Organization | Education | Elderly Services | Emergency Services | Employment | Energy | Ex-offender Services | Health | Housing | Nutrition | Recreation | Transportation | Water/Wastewater |
|--------------------------|------------------------------------|------------------------|-----------|------------------|--------------------|------------|--------|----------------------|--------|---------|-----------|------------|----------------|------------------|
| Abingdon (People)        | •                                  | •                      | •         | •                | •                  | •          | •      | •                    | •      | •       | •         |            | •              | •                |
| Alexandria (ADHS/DEO)    |                                    | •                      | •         |                  | •                  |            | •      | •                    |        | •       |           |            | •              | •                |
| Arlington (ACAP)         |                                    | •                      | •         | •                | •                  | •          | •      | •                    |        | •       | •         |            | •              | •                |
| Charlottesville (MACAA)  | •                                  | •                      | •         |                  | •                  | •          | •      |                      | •      | •       | •         |            | •              | •                |
| Chatham (PCCA)           | •                                  |                        | •         | •                | •                  | •          | •      |                      | •      |         | •         |            | •              | •                |
| Christiansburg (NRCA)    | •                                  | •                      | •         | •                | •                  | •          | •      |                      | •      | •       | •         | •          | •              | •                |
| Cumberland (CPAC)        |                                    | •                      | •         | •                | •                  | •          | •      | •                    |        | •       | •         | •          | •              | •                |
| Danville (CIC)           |                                    | •                      | •         |                  | •                  |            |        | •                    |        |         | •         |            |                |                  |
| Fairfax (FDCA)           |                                    | •                      | •         | •                | •                  | •          |        |                      | •      | •       | •         |            | •              |                  |
| Galax (Rooftop)          | •                                  | •                      | •         | •                | •                  | •          | •      | •                    | •      | •       | •         | •          | •              | •                |
| Gate City (RADA)         | •                                  | •                      | •         | •                | •                  |            | •      |                      | •      | •       | •         |            | •              | •                |
| Lynchburg (LCAG)         | •                                  | •                      | •         | •                | •                  | •          | •      |                      |        | •       |           |            | •              | •                |
| Marion (MCAP)            |                                    | •                      | •         | •                | •                  | •          | •      | •                    | •      | •       | •         |            | •              | •                |
| Newport News (NNOHA)     | •                                  | •                      | •         | •                | •                  | •          | •      | •                    | •      | •       | •         | •          | •              | •                |
| Norfolk (STOP)           |                                    | •                      | •         | •                | •                  | •          | •      | •                    |        | •       |           | •          | •              | •                |
| Onancock (ESCDG)         | •                                  | •                      | •         | •                | •                  | •          | •      |                      |        | •       |           |            | •              | •                |
| Powhatan (PGCAA)         |                                    | •                      | •         | •                | •                  | •          |        |                      |        | •       |           |            | •              | •                |
| Providence Forge (QRACA) | •                                  | •                      | •         | •                | •                  | •          |        |                      |        | •       | •         |            | •              | •                |
| Richmond (RCAP)          |                                    | •                      | •         | •                | •                  | •          |        | •                    | •      |         | •         | •          | •              | •                |
| Roanoke (TAP)            | •                                  | •                      | •         |                  | •                  | •          | •      | •                    | •      | •       | •         | •          | •              | •                |
| Rocky Mount (FCCAA)      |                                    | •                      | •         |                  | •                  | •          | •      |                      |        |         |           |            | •              | •                |
| South Boston (HCCA)      | •                                  | •                      | •         |                  | •                  |            | •      |                      | •      |         | •         |            |                | •                |
| Standardsville (GCCDAC)  | •                                  |                        |           | •                | •                  |            |        |                      |        | •       |           |            | •              | •                |
| Tazewell (CVCA)          | •                                  | •                      | •         | •                | •                  | •          | •      | •                    | •      |         | •         |            | •              | •                |
| Warrenton (FCAC)         |                                    | •                      | •         | •                | •                  |            |        |                      |        | •       | •         |            | •              | •                |
| Waverly (SSGIA)          |                                    |                        | •         | •                |                    | •          |        |                      |        |         |           |            |                | •                |
| Williamsburg (WJCCAA)    |                                    | •                      | •         | •                | •                  | •          | •      |                      |        | •       | •         |            | •              | •                |

Note: CAAs are credited with providing a service within a program area if they (1) provide a service directly, (2) provide more than 50 percent of a program's cost to another organization, or (3) provide significant support to another organization which is directly delivering services.

Sources: Telephone interviews with CAA directors, July-August 1987; JLARC CAA mail survey, July 1988.

Programs that are offered in this category include a farmer's market, a cannery, a credit union, and an arts and crafts shop. One CAA helps new businesses by advertising positions and screening applicants to fill job openings. Other activities in this category include assisting local community organizations and governments. For example:

*Discussions between Charlottesville (MACAA) staff and local Nelson County businessmen led to the formation of the Nelson County Community Development Foundation in 1985. The first major project undertaken by the foundation was Montreal Village, which is a housing development dedicated to low- and moderate-income families. The foundation was active in negotiating for local government support, raising private funds, negotiating with the Virginia Housing Development Authority for mortgage funding, and obtaining assistance from the Virginia Water Project. Residents of Montreal Village must agree to contribute 200 hours of labor to the project during the first three years of home ownership and join a homeowners association.*

### **Community Organization**

There are two major types of programs in this category: support and organization of community groups; and outreach, referral, and information. Support and organization of community groups involve activities such as attending group meetings, providing clerical support, and notifying groups of local government activities. Outreach activities generally involve CAA staff traveling to targeted areas to identify potential clients and link them with available services.

Although 24 of the 27 CAAs indicate that they carry out community organization activities, they vary widely in the amount of resources dedicated to these activities. Several agencies primarily serve walk-in clients and referrals from other agencies. Conversely, other agencies dedicate almost one-half of their staff to outreach and support and organization of community groups.

### **Education**

Education programs are offered by 26 of the 27 CAAs. One of the largest and most consistently offered programs is Head Start, which is regarded as one of the more successful early childhood programs for low-income children. Head Start is offered by 24 CAAs. Other education programs include day care, Adult Basic Education/General Education Diploma (ABE/GED), Project Discovery, youth education, and income tax assistance.

## **Services for the Elderly**

Twenty-one CAAs provide some type of service for elderly clients. However, the degree of CAA involvement in this program category varies widely. Transportation targeted to serving senior clients is the most common service provided in this category. Other examples of programs in this category include congregate and home meals, senior centers, a convalescent home, reassurance telephone calling chains, workshops on home safety, dead bolt lock installation, health workshops and screenings, a home care program, and senior volunteer programs.

## **Emergency Services**

Twenty-five of the 27 CAAs directly provide emergency services and assistance. One additional CAA coordinates with other nonprofit organizations to provide emergency services for their clients and refers clients to those organizations. These services include clothes closets, food pantries, medical assistance, donated furniture, fuel and equipment for home heating, eviction intervention, utility shut-off prevention, Energy Share (in cooperation with Virginia Power), soup kitchens, and emergency shelters.

## **Employment**

Twenty-one agencies assist clients in employment related areas. The Job Training Partnership Act (JTPA) and the Summer Youth Employment and Training Program (SYETP) are two of the major federal initiatives in this category. These programs are supported through federal funds and administered by regional service delivery areas. The Governor's Employment and Training Department oversees the operation of the programs throughout the State. Ten CAAs provide JTPA programs and 13 offer SYETP programs.

Some CAAs offer non-JTPA job placement programs or job training programs, such as workshops on career goals, job seeking, and interview skills. The extent of job placement activities differs among agencies. Some agencies will simply post a listing of available jobs, while other agencies set up interviews with prospective employers and provide job placement, job training, and other miscellaneous employment services.

## **Energy**

Programs in this category are generally designed to perform needed work and materials for clients' homes in order to (1) reduce fuel costs and (2) provide a safer and more comfortable living environment. Nineteen CAAs provide programs in this category.

The primary program in this category is VACAA's Virginia Weatherization Program, which is directly provided by 14 CAAs. Typical services provided by a weatherization crew include installation of storm windows, insulation, weatherstripping, door frames, roof caps or vents, water heater jackets, and caulking. CAAs that are involved in this program category may also operate energy conservation and counseling services or a pilot furnace program.

### **Ex-offender Services**

Twelve CAAs offer programs designed to meet the needs of institutionalized and released ex-offenders. The primary program offered by the CAAs in this category is Virginia CARES, which provides both pre-release and post-release services.

Three agencies offer alternative sentencing programs. One agency offers the Community Diversion Incentive (CDI) program under contract with the Department of Corrections. The CDI program is provided to nonviolent convicted felons as an alternative to incarceration.

One agency operates a community sentencing program. This program differs from the CDI program in that the clients do not have to receive incarcerating sentences to be eligible for the program. Clients may participate to work off fines imposed by the court. The third agency offers both the CDI and community sentencing programs.

### **Health**

Thirteen CAAs provide programs that address prevention, treatment, and screening for health problems. Programs in this category include health education, routine health care assistance, infant development, spouse abuse prevention, teen pregnancy prevention, substance abuse counseling, exercise groups, and healthy mothers and babies. For example:

*Newport News (NNOHA) and Abingdon (People) each operate a Resource Mothers Program. These programs are designed to reduce the infant mortality rate among children of teen-age mothers. Pregnant teenagers and teen-age mothers with children less than one year of age are linked with staff who are familiar with the problems these clients may face. The staff spend time with the mothers helping them seek appropriate health care, encouraging them to continue their education, and teaching proper child care skills.*

## **Housing**

Programs in the housing category are designed to help the low-income population obtain low cost housing or improve the condition of the housing they currently occupy. Twenty agencies reported having programs in this category. These programs include non-emergency rental assistance, counseling, home repair and rehabilitation, and home building. Other miscellaneous activities may involve helping clients find housing and administering a Community Development Block Grant (CDBG) for a housing project. For example:

*The City of Lynchburg provided Lynchburg (LCAG) with \$300,000 in Community Development Block Grant funding to conduct a housing improvement program in the White Rock Hill section of the city. Grants of a maximum of \$10,000 are awarded to an approved contractor of the owner's choice to bring the homes up to minimum habitation and building code compliance standards. LCAG staff review applications, conduct initial and follow-up inspections, monitor the progress of projects, handle financial procedures, and mobilize additional resources when the grant limit is not sufficient for the needed work.*

## **Nutrition**

Nutrition programs are offered by 19 CAAs. The programs are intended to increase the quantity and quality of food available to low-income people. These programs include the Federal Commodities Distribution Program (which distributes surplus federal foodstuffs), holiday baskets, workshops on gardening, food preservation, food banks, the federal Summer Feeding Program for low-income children, the federal Child Care Providers program, and the Self-Help and Resource Exchange (SHARE), a cooperative food purchasing program.

## **Recreation**

Recreation is one of the least emphasized categories among the CAAs. Only seven CAAs offer recreation programs. These programs include day camps, a handicapped adult program, Christmas parties, town gatherings, and miscellaneous activities, such as working to establish local parks and athletic leagues.

## **Transportation**

Twenty-four agencies have transportation programs designed to facilitate the movement of low-income people to increase their accessibility to jobs, goods, and services. Agency-sponsored transportation systems fall into three categories: public, demand/response, and contract systems.

One CAA operates a public system. The system has regularly scheduled routes, charges fares for the riders, and is open to the general public.

Demand/response systems and contract systems are the more common transportation programs offered by the agencies. Demand/response systems provide transportation on an “as-needed” basis to low-income clients. Several agencies provide clients with bus tickets or vouchers. Agencies differ regarding the types of destinations for which they will provide transportation.

Agencies that use a contract system provide transportation for the programs that are offered by the agency. In addition, some CAAs have contracts with other local social service organizations to provide transportation for those clients.

### **Water/Wastewater**

Twenty CAAs offer programs aimed at improving water and wastewater conditions in their areas. CAAs offering these programs generally serve rural areas of the State. Nineteen of the 20 CAAs are working with the Virginia Water Project to address the water and wastewater needs in these areas. CAAs perform activities such as conducting needs assessments for VWP, aiding qualified communities in applying for grants available through VWP, and helping generate supplemental resources for families qualifying for individual VWP grants.

## **JLARC REVIEW**

Item 469 of the 1987 Appropriations Act directed JLARC to “conduct a performance audit and review of the programs and activities of Community Action Agencies.” The mandate stated that the work should be completed so that recommendations could be presented to the 1989 Session of the General Assembly.

### **Study Objectives**

The primary objectives of this study were threefold:

- to provide a common base of descriptive information to the General Assembly about the objectives and programs of community action agencies and community action statewide organizations;
- to assess the operations and performance of community action entities by reviewing funding, administrative expenditures, programs, processes and procedures related to oversight and accountability, and organizational concerns;

- to identify considerations that may be useful in assessing the State's role with regard to community action.

## **Study Activities**

A number of activities were undertaken during this study to collect and analyze data. Information was collected through site visits to community action agencies, observations of program operations and accomplishments, file reviews, mail surveys of community action agencies and statewide organizations, telephone interviews with local government officials in selected communities with and without community action agencies, and telephone interviews with CSBG coordinators in other southeastern states.

From the program information collected, activity indicators were derived which were used to compare program performance among agencies. JLARC staff determined the financial status of community action by examining information collected on CAA fund sources, uses, and trends in funding. Operating procedures were assessed through an examination of needs assessments, client records, and program eligibility requirements imposed by the CAAs. CAA programmatic, financial, and operational procedures were compared to federal and State requirements to determine compliance.

*Site Visits.* JLARC staff conducted site visits to all 27 community action agencies. A total of 174 person-days were spent on site with CAAs. The amount of time spent with individual agencies ranged from 30 person-days at a large agency like Roanoke (TAP) to two person-days at a small agency like Rocky Mount (FCCAA). Some agencies were visited more than once. Thirty-two person-days were also spent assessing VACAA conferences on site.

During each site visit, structured interviews were conducted with the CAA director, finance director, planner, and at least two board members. In addition, JLARC staff reviewed CAA financial records and client files. Information collected from the mail survey was verified through these reviews. Finally, the study team observed specific programs in operation as well as the outcomes of many CAA projects.

*Mail Surveys.* A 54-page survey requesting detailed financial and programmatic data was sent to each community action agency. A slightly different mail survey requesting financial information was sent to each of the four community action statewide organizations. Due to varying funding cycles, some CAAs were unable to provide the information requested based on State fiscal year 1988. For these CAAs, information from different fiscal years was accepted.

*Telephone Interviews.* Telephone interviews were conducted with local government officials and personnel from local offices of State agencies in five localities without community action agencies and eight localities with community action agen-

cies. In each locality, JLARC staff contacted the county administrator or city manager and the directors of the local Departments of Health and Social Services, the area agency on aging, the Community Services Board, and the housing authority. Information collected during these interviews was used to assess the human services available in the locality, the needs of the low-income population, and whether duplication of services occurs.

A second set of telephone interviews was conducted with CSBG coordinators in other southeastern states. The states contacted include Alabama, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, and West Virginia. Information collected through these interviews was used in assessing other states' involvement in community action funding and monitoring.

In the initial phase of the study, telephone interviews were conducted with all CAA and community action statewide organization directors. These interviews served to collect basic information about the CAAs' programs, organizational structures, funding, clients, and recordkeeping.

Finally, federal and State agency personnel with community action oversight responsibilities were interviewed. Information collected in these telephone interviews concerned federal and State oversight requirements and monitoring efforts conducted by these governmental agencies.

*Document Reviews.* Information on CAA programmatic, financial, and operational requirements was collected through review of federal regulations, relevant sections of the Code of Virginia, and the State Plan for FY 1988. In addition to these documents, CSBG quarterly reports submitted by the community action agencies were reviewed, as were miscellaneous reports, studies, and other documents.

## **Report Organization**

This chapter has contained an overview of community action in Virginia. Chapter II discusses funding for community action agencies. Program performance of community action agencies is discussed in Chapter III. Chapter IV examines community action agency accountability and State oversight. Chapter V discusses organizational considerations of community action agencies and statewide organizations. Finally, the role of the State in community action is examined in Chapter VI.

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## II. Funding

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In FY 1988, the community action system in Virginia received total funding of more than \$49 million. Federal funds accounted for \$33 million of this total, and served as the primary funding source for community action. For the same year, the General Assembly appropriated more non-program designated funds than did any of the other southeastern states.

The community services block grant (CSBG) has been one of the primary sources of federal funds over the years. Although the federal government does not require a match for these funds, the State has imposed a 20 percent matching requirement. The match may consist of cash or in-kind services, but must come from non-federal sources.

Funding for community action was greater in FY 1988 than any other time in the last six years. Although the federal government has decreased the amount of the CSBG, the federal government has made other funds available to the CAAs. Many of these funds are not automatic grants but are awarded on a competitive basis.

Many of the funds with competitive awards restrict the amount of the award which can be used to support administrative and operating expenses not directly associated with the contract. The CSBG does not have these restrictions. It can be used to support general administrative and operating costs. Due to the decrease in the CSBG, CAAs requested \$3.6 million and received a \$1.3 million State non-program designated appropriation to support general operating costs in FY 1988. This funding level has been extended through the 1988-1990 biennium. There is no local match required for this money.

Much of the funding for community action is distributed to the CAAs by the Office of Community Services (OCS) in the Department of Social Services (DSS). Review of distribution procedures indicated several areas which are problematic. First, the formula used to allocate CSBG funds to local agencies does not place emphasis on factors which best indicate local need. Furthermore, shortcomings with the formula are evidenced by the fact that it is not used to allocate funds to ten of the 27 CAAs. Second, the distribution procedures for a separate federal grant appear to conflict with the provisions of the Virginia Public Procurement Act.

In addition to problems associated with the disbursement of funds, the financial oversight provided by the DSS is insufficient. Although it would be desirable for DSS to maintain descriptive financial information concerning all CAAs to aid in its oversight and funding role, only information on the CSBG is collected. Further, DSS's assessment of this information has been determined to be inadequate by the federal government.

The on-site financial review of CAAs indicates that the basic procedures for fund management are sound at most community action agencies. Administrative and operations costs in several CAAs appear high, but facilities and furnishings generally appear to be austere.

For purposes of this report, all funds are reported by originating source. Often funds which originate with one level of government are distributed by another level of government. For example, the community services block grant originates with the federal government. However, the funds are distributed to the CAAs by the Department of Social Services. The funds are reported here as federal funds.

## AMOUNTS AND SOURCES OF COMMUNITY ACTION FUNDING

Community action in Virginia received total funding of over \$49 million in FY 1988 (Table 6). While almost \$33 million of this amount was received from the federal government, revenue was also received from the State, local governments, private entities, the petroleum violation escrow (PVE) account, and from revenue-generating activities conducted by the CAAs themselves.

Table 6

### Sources of Community Action Funds FY 1988

| <u>Source</u>                      | <u>Amount</u>    |
|------------------------------------|------------------|
| Federal Government                 | \$32,732,205     |
| State Government                   | 3,874,851        |
| Local Government                   | 4,664,803        |
| Private Entities                   | 863,572          |
| Self-Generated                     | 1,676,978        |
| Petroleum Violation Escrow Account | 5,625,657        |
| Other Sources*                     | <u>29,037</u>    |
| <br>TOTAL                          | <br>\$49,467,103 |

Note: Petroleum violation escrow funds originated from a federal court action taken against energy companies for violations of the Windfall Profits Tax.

\*Other sources include funds which could not be attributed to a single source, such as funds from a local school district.

Source: JLARC CAA mail survey, July 1988.

The majority of this money is expended by the local and statewide community action programs. However, \$114,071 was retained by the Office of Community Services within the Department of Social Services to fund OCS's oversight of community action.

The JLARC staff's assessment revealed several significant aspects of community action funding. First, funding received by community action agencies has increased during the six-year period from 1983 through 1988. During this same period, however, federal CSBG funds have decreased.

Second, community action statewide organizations received funding primarily from the federal and State government in FY 1988. The organizations disbursed much of their funds to other nonprofit entities, including CAAs. However, the statewide organizations also retained portions of the funds to cover central office administrative and operating expenses.

Third, funding sources for local community action agencies were more varied than those for the statewide organizations. All local CAAs received federal and State funding in FY 1988. In addition, most CAAs received funds from other sources including local governments and the private sector.

Fourth, in addition to the program-specific funding community action has received from various State agencies in the past, an additional appropriation was made for community action in FY 1988. These new funds were not designated for a particular program but were used to supplement the federal CSBG grant, which has served as a source of central support for community action over the years.

### **Trends in Funding for Community Action Agencies**

Community action agencies experienced a \$12.2 million increase in overall funding from 1983 through 1988 (Table 7). This represents a 40 percent increase in total funding. While the CSBG decreased by 21 percent over this six-year period, additional revenue was generated from other sources to expand CAA funding. For example, in FY 1988 the State appropriation supplemented CSBG funds by \$1.3 million.

Inflation over the six-year period equalled 18 percent. When the \$12.2 million increase is adjusted to reflect inflation, the result is a real increase of \$5.7 million for community action agencies.

Individual agencies have shown both increases and decreases in their funding during this period (Figure 4). Twenty-one agencies increased their funding while five agencies experienced decreases. One agency, South Boston (HCAA), did not provide information for the six-year period and is excluded from the analysis. Additional information on the six-year funding patterns for each community action agency can be found in Table 8.

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Table 7

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**Trends in Community Action Agency Funding  
FY 1983 - FY 1988**

| <u>Fiscal Year</u> | <u>CAA Funding*</u> | <u>CSBG Amount</u> |
|--------------------|---------------------|--------------------|
| 1983               | \$30,768,097        | \$6,895,396        |
| 1984               | 31,706,210          | 6,895,396          |
| 1985               | 35,393,478          | 5,575,623          |
| 1986               | 36,879,787          | 5,336,478          |
| 1987               | 39,245,275          | 5,575,396          |
| 1988               | 42,955,486          | 5,417,726          |

\*Represents funds received by the 27 CAAs. This number does not include the funds which were retained by the Department of Social Services or the community action statewide organizations to cover their administrative operations.

Sources: Information provided by the Office of Community Services, Virginia Department of Social Services, and JLARC CAA mail survey, July 1988.

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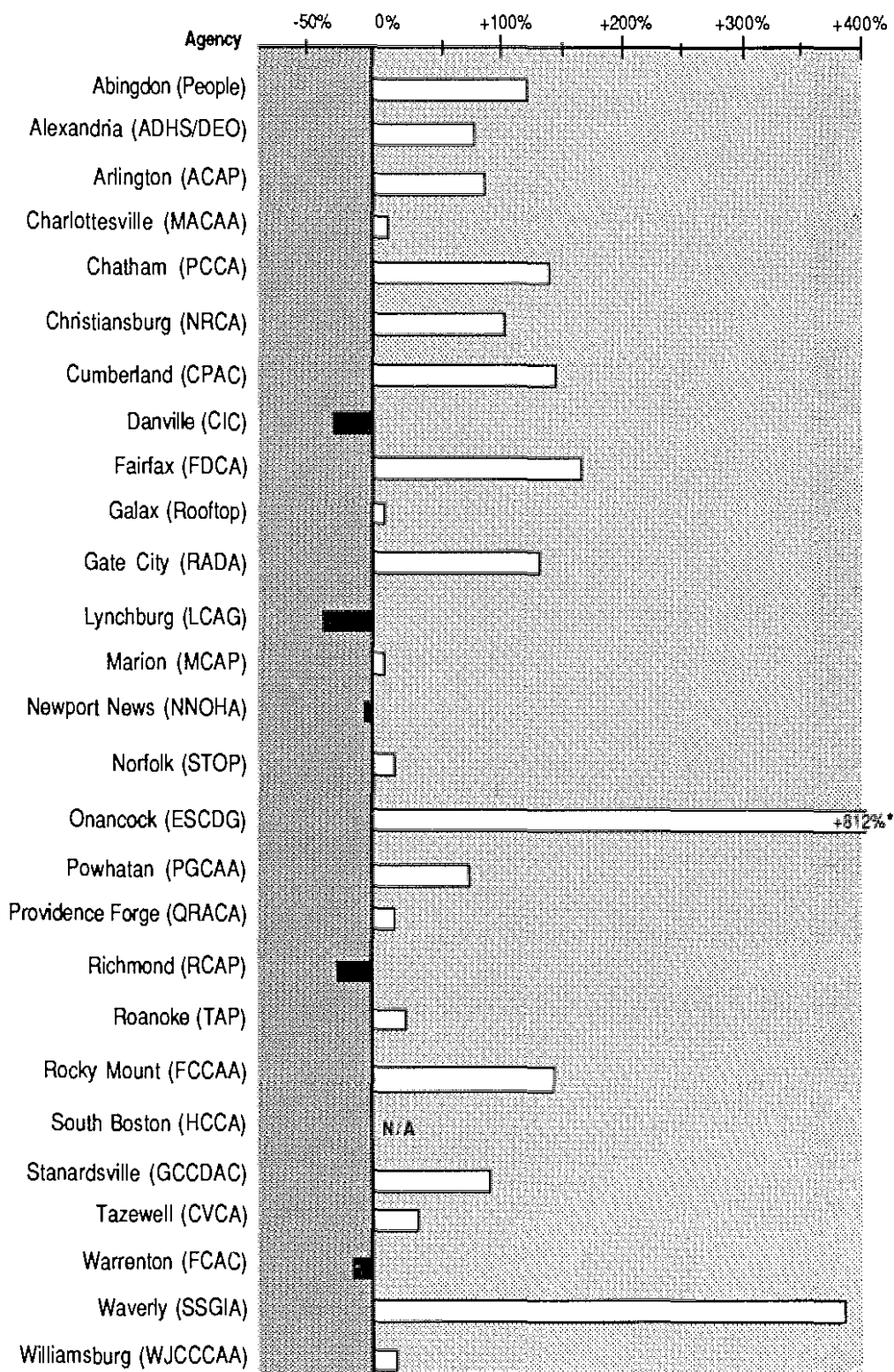
**Funding of Community Action Statewide Organizations**

There are four community action statewide organizations: the Virginia Association of Community Action Agencies (VACAA), which operates the Virginia Weatherization Program; Project Discovery; Virginia Community Action Re-Entry System (Virginia CARES); and the Virginia Water Project. The four community action statewide organizations reported receiving over \$11 million in funds in FY 1988 (Table 9). These funds came primarily from the federal and State government. Other funds came from the petroleum violation escrow account, from private sources, or were self-generated.

The majority of funds received by community action statewide organizations were disbursed to other nonprofit entities. Usually these entities were local community action agencies. However, a portion of the FY 1988 funds received by each statewide organization was retained by the central office of each organization. These funds appear to be used appropriately to support the projects conducted by the local CAAs. The funds were used to cover administration, training, travel, and in some instances direct service costs.

Figure 4

# Percent Change in CAA Funding — FY 1983 to FY 1988



\* Onancock (ESCDG) began operating in FY 1984. The figure represents change over a five year period.

N/A = Agency did not provide information.

Source: JLARC CAA mail survey, July 1988.

Table 8

## Community Action Agency Funding FY 1983 - FY 1988

| <u>Community Action Agency</u>  | <u>FY 1983</u> | <u>FY 1984</u> | <u>FY 1985</u> | <u>FY 1986</u> | <u>FY 1987</u> | <u>FY 1988</u> |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Abingdon (People)               | \$ 600,000     | \$ 800,000     | \$ 900,000     | \$1,080,915    | \$1,253,339    | \$1,339,186    |
| Alexandria (ADHS/DEO)           | 614,478        | 719,082        | 1,117,437      | 1,272,490      | 1,227,075      | 1,120,832      |
| Arlington (ACAP)                | 773,141        | 875,000        | 937,265        | 1,252,769      | 1,366,736      | 1,458,640      |
| Charlottesville (MACAA)         | 1,310,368      | 1,284,551      | 1,343,967      | 1,400,269      | 1,494,816      | 1,509,099      |
| Chatham (PCCA)                  | 1,000,614      | 1,004,304      | 1,729,872      | 1,914,137      | 2,138,247      | 2,436,491      |
| Christiansburg (NRCA)           | 995,082        | 982,511        | 1,230,130      | 1,353,541      | 1,557,452      | 1,995,650      |
| Cumberland (CPAC)               | 664,192        | 694,385        | 778,782        | 675,858        | 1,479,434      | 1,632,934      |
| Danville (CIC)                  | 879,072        | 688,600        | 615,480        | 479,321        | 431,738        | 596,841        |
| Fairfax (FDCA)                  | 1,899,637      | 1,980,822      | 2,491,980      | 3,318,736      | 3,397,594      | 5,110,515      |
| Galax (Rooftop)                 | 1,100,659      | 1,234,821      | 1,234,821      | 1,280,966      | 1,208,331      | 1,228,930      |
| Gate City (RADA)                | 432,707        | 545,327        | 598,886        | 620,852        | 644,909        | 1,043,901      |
| Lynchburg (LCAG)                | 2,376,427      | 2,211,608      | 1,634,629      | 1,236,534      | 1,212,182      | 1,479,087      |
| Marion (MCAP)                   | 1,767,854      | 1,537,892      | 1,720,292      | 1,700,096      | 1,735,016      | 1,970,620      |
| Newport News (NNOHA)            | 1,780,000      | 1,250,000      | 1,560,000      | 1,555,000      | 1,465,683      | 1,709,551      |
| Norfolk (STOP)                  | 3,934,133      | 3,923,344      | 4,152,937      | 4,372,635      | 4,531,695      | 4,645,334      |
| Onancock (ESCDG)*               | —              | 48,807         | 305,599        | 331,947        | 390,919        | 445,235        |
| Powhatan (PGCAA)                | 300,848        | 239,157        | 122,454        | 114,384        | 123,570        | 544,549        |
| Providence Forge (QRACA)        | 364,432        | 364,432        | 313,432        | 411,770        | 431,563        | 429,086        |
| Richmond (RCAP)                 | 2,934,487      | 3,002,398      | 3,136,243      | 3,173,227      | 3,103,743      | 2,241,669      |
| Roanoke (TAP)                   | 4,432,674      | 5,168,170      | 6,096,946      | 6,278,858      | 6,610,636      | 5,509,586      |
| Rocky Mount (FCCAA)             | 357,796        | 673,826        | 803,160        | 923,930        | 1,112,314      | 884,082        |
| South Boston (HCCA)**           | —              | —              | —              | —              | —              | 687,959        |
| Stanardsville (GCCDAC)          | 105,912        | 118,012        | 124,867        | 115,825        | 161,322        | 208,462        |
| Tazewell (CVCA)                 | 873,958        | 1,138,793      | 1,184,069      | 852,773        | 873,570        | 1,166,178      |
| Warrenton (FCAC)                | 591,155        | 564,655        | 490,662        | 518,220        | 576,982        | 496,433        |
| Waverly (SSGIA)                 | 67,191         | 80,290         | 172,191        | 78,000         | 228,000        | 332,187        |
| Williamsburg (WJCCCAA)          | <u>611,280</u> | <u>575,423</u> | <u>597,377</u> | <u>566,734</u> | <u>488,409</u> | <u>732,449</u> |
| LOCAL TOTAL                     | \$30,768,097   | \$31,706,210   | \$35,393,478   | \$36,879,787   | \$39,245,275   | \$42,955,486   |
| <u>Statewide Organizations:</u> |                |                |                |                |                |                |
| Virginia Water Project          | \$ 734,227     | \$ 826,692     | \$ 1,247,805   | \$ 1,000,083   | \$ 1,654,599   | \$ 1,517,958   |
| Virginia Weatherization Program | 3,371,235      | 4,994,628      | 10,058,775     | 7,732,972      | 8,327,621      | 8,290,777      |
| Project Discovery***            | —              | —              | —              | —              | 282,619        | 496,697        |
| Virginia CARES                  | 260,958        | 331,128        | 561,936        | 599,026        | 790,682        | 900,762        |
| STATEWIDE ORGANIZATION TOTAL    | \$ 4,366,420   | \$ 6,152,448   | \$11,868,516   | \$ 9,332,081   | \$11,055,521   | \$11,206,194   |

\*Onancock (ESCDG) began operations in FY 1984.

\*\*South Boston (HCCA) did not report funding for FY 1983 through FY 1987.

\*\*\*Project Discovery was incorporated in 1985 but reported no operating budget until FY 1987.

Source: JLARC CAA mail survey, July 1988.

Table 9

**Sources of Community Action  
Statewide Organization Funds  
FY 1988**

| <u>Source</u>      | <u>Total Amount<br/>Received</u> | <u>Retained By<br/>Statewide</u> | <u>Disbursed</u> |
|--------------------|----------------------------------|----------------------------------|------------------|
| Federal Government | \$3,275,698                      | \$1,137,686                      | \$2,138,012      |
| State Government   | 2,026,514                        | 525,910                          | 1,500,604        |
| Private Sector     | 273,085                          | 254,935                          | 18,150           |
| Self-Generated     | 5,240                            | 1,240                            | 4,000            |
| PVE Account        | <u>5,625,657</u>                 | <u>265,000</u>                   | <u>5,360,657</u> |
| <br>TOTAL          | <br>\$11,206,194                 | <br>\$2,184,771                  | <br>\$9,021,423  |

Source: JLARC CAA mail survey, July 1988.

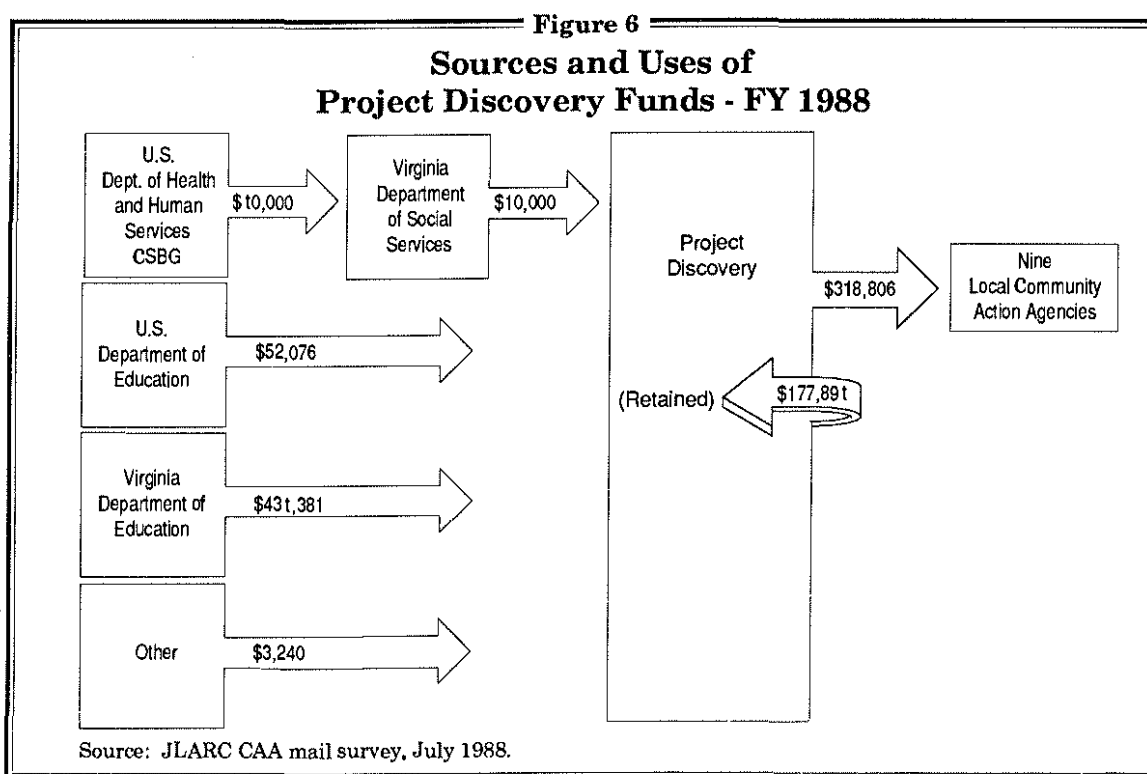
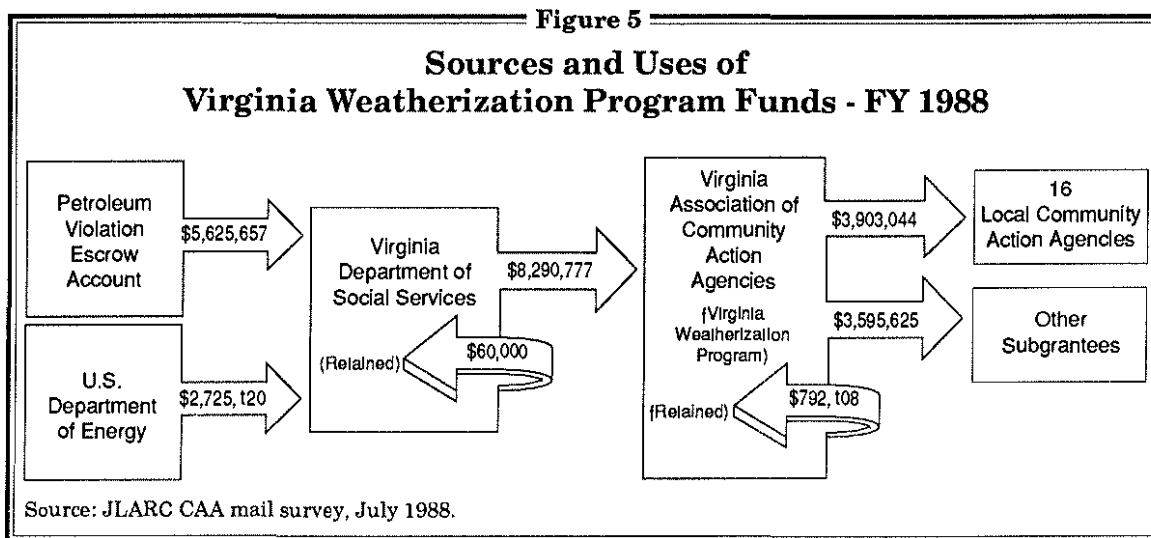
Virginia Weatherization Program. The Virginia Weatherization Program received over \$8.4 million in funding in FY 1988. The U.S. Department of Energy provided \$2.7 million in funding (Figure 5). An additional \$5.6 million was obtained from the PVE account. The PVE funds originated from a federal court action taken against energy companies for violations of the federal Windfall Profits Tax. The State receives and administers these funds with federal oversight.

The Department of Social Services and the Virginia Association of Community Action Agencies are each allowed a portion of the funding to cover administrative costs. The Department of Social Services was allowed \$60,000 to cover costs associated with administering the program. The VACAA retained \$792,108 to cover salaries for 15 staff, provide training to weatherization crews throughout the State, monitor the activities of subgrantees, and provide technical assistance.

A total of approximately \$7.5 million was distributed by VACAA to subgrantees. Almost \$4 million of the \$7.5 million was distributed to local community action agencies.

Project Discovery. Project Discovery reported total funding of almost \$500,000 in FY 1988. The primary source of funding was the State (Figure 6). Additional funds were received from the federal government and through activities sponsored by Project Discovery.

Approximately \$178,000 was retained by the statewide organization for administration. Administrative costs include salaries and travel for the central office

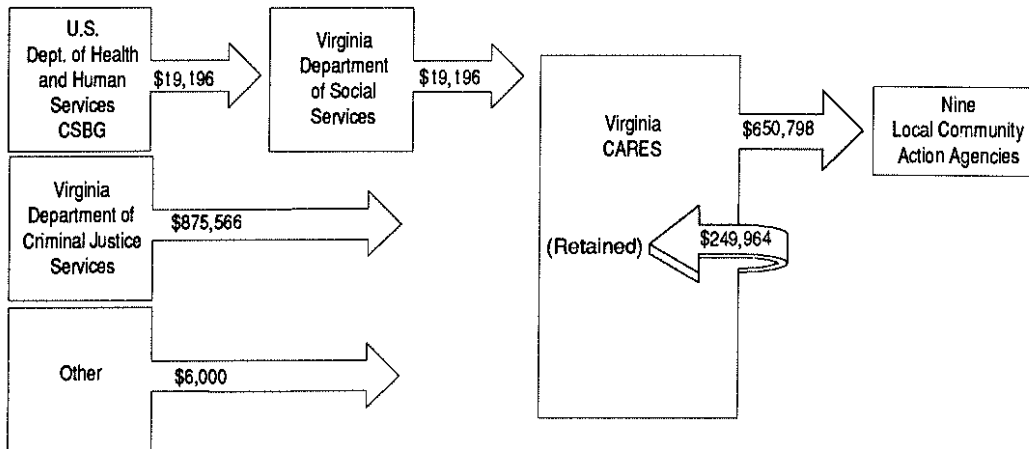


staff of five. Nine CAA subcontractors received over \$318,000 in funds from Project Discovery to provide the program.

**Virginia CARES.** Virginia CARES reported total funding of \$900,762 in FY 1988, the majority of which came from the State (Figure 7). The central office retained nearly \$250,000 and distributed over \$650,000 to nine local CAAs. The funds retained by the statewide organization were used to cover administrative and travel costs for the seven-member central office staff.

Figure 7

### Sources and Uses of Virginia CARES Funds - FY 1988



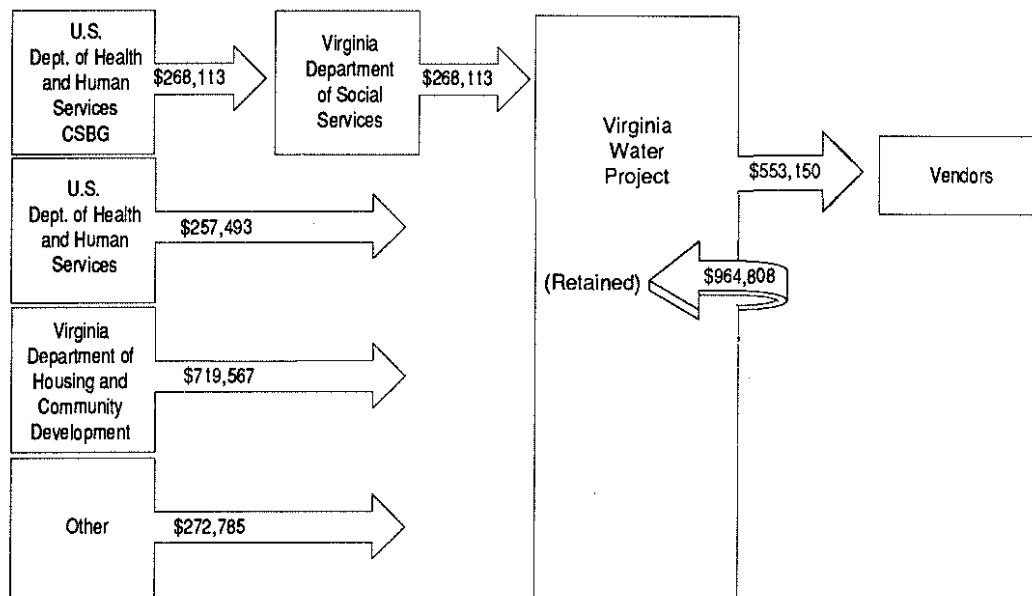
Source: JLARC CAA mail survey, July 1988.

**Virginia Water Project.** The Virginia Water Project (VWP) reported total funding of over \$1.5 million in FY 1988. The VWP received large portions of funding from both the State and federal governments (Figure 8). Additional funding was received from numerous private sources.

Over \$964,000 was retained by the VWP for administration, training, travel, and program-related activities. One of these activities is the Southeast Rural Community Assistance Program (SE/R-CAP). This program was supported by \$257,000 in federal funds. This program provided training and technical assistance

Figure 8

### Sources and Uses of Virginia Water Project Funds - FY 1988



Source: JLARC CAA mail survey, July 1988.

for water/wastewater related projects in seven southeastern states including Virginia.

Retained funds were also used to support (1) salaries for the staff of twenty-one, (2) provide travel for staff board members, advisory committee members and CAA outreach staff, (3) provide technical assistance associated with rural water/wastewater facility development in Virginia, (4) administer partnership grants and loan programs sponsored by the Ford Foundation, and (5) support the VWP's groundwater protection program.

Over \$553,000 were used to support the development of local water/wastewater facilities. These funds were distributed directly to the vendors providing services such as well digging, privy construction, water hook-ups, and internal plumbing. The funds were used to support the costs of labor and materials. Local CAAs receive no funds from the VWP.

### **Local Agency Funding**

For FY 1988, the 27 local community action agencies in Virginia reported total cash funding of approximately \$43 million from numerous sources (Table 10). This amount included all funds distributed by statewide organizations to CAAs. Funding was received from governmental and non-governmental sources with the largest portion being provided by the federal government. Sources and amounts of funding for each community action agency can be found in Appendix C.

In addition to cash support, CAAs also reported that they received in-kind contributions valued at over \$5.5 million. In-kind contributions are non-cash donations of goods and services.

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**Table 10**

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**Sources of Local Community Action Agency Funds  
FY 1988**

| <u>Source</u>      | <u>Amount</u>       |
|--------------------|---------------------|
| Federal Government | \$30,634,828        |
| State Government   | 2,813,941           |
| Local Government   | 4,664,803           |
| Private Sector     | 590,487             |
| Self-Generated     | 1,671,738           |
| PVE Account        | 2,550,652           |
| Other*             | <u>29,037</u>       |
| <b>TOTAL</b>       | <b>\$42,955,486</b> |

\*Other sources include funds which could not be attributed to a single source, such as funds from a local school district.

Source: JLARC CAA mail survey, July 1988.

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Government Sources of Funding. CAAs receive two general types of government funds. One type is funds designated for a specific program. The other type is non-program designated funds which are the funds many CAAs use to raise, or leverage, other revenues. All CAAs received both types of funding from the federal government and the State.

The federal government served as the source of approximately \$25.3 million in program-designated funds to CAAs in FY 1988. Among the largest grants and contracts received by Virginia's local community action agencies were Head Start, funded by the U.S. Department of Health and Human Services, and the Job Training Partnership Act, funded by the U.S. Department of Labor. Additional federal funding sources cited by community action agencies include: the U.S. Department of Housing and Urban Development, the U.S. Department of Agriculture, the U.S. Department of Energy, the Farmers Home Administration, and the Federal Emergency Management Agency.

Federal non-program designated funds originate from the Department of Health and Human Services as the community services block grant. All CAAs receive CSBG funding. In FY 1988, the CAAs received approximately \$5.4 million of CSBG funding.

CAAs received over \$1.5 million in State program-designated funds in FY 1988. CAAs either received these funds directly from State agencies or from the statewide organizations. Community action agencies reported receiving funds directly from the Virginia Department of Transportation; the Virginia Department of Mental Health, Mental Retardation, and Substance Abuse Services; the Virginia Department of Health; the Virginia Housing Development Authority; the Virginia Department for the Aging; and the Virginia Department of Waste Management.

In FY 1988, the General Assembly appropriated \$1.3 million in non-program designated funds to augment CSBG funds for CAAs. The State distributed all State and federal non-program designated funds for CAAs using an allocation formula discussed later in this chapter.

Eighteen CAAs reported that they received funds from local governments totalling \$4.7 million. However, Fairfax County's \$3.4 million appropriation to its CAA constituted the majority of all local government cash support.

Non-Government Sources. Other sources of CAA funding include funds from the private sector, from the petroleum violation escrow account, and funds generated by CAAs themselves. The amount of these funds vary considerably among the CAAs.

Eighteen of the 27 CAAs reported receiving private funding. Private funds are most often grants from corporations or charitable institutions. The 16 CAAs which operated weatherization programs in FY 1988 received petroleum violation escrow funds.

Seventeen CAAs reported self-generated funding in FY 1988. The predominant method of generating funds is through collection of fees for services. Examples include operation of a food distribution system, a credit union, and a craft shop.

In addition to cash support, community action agencies reported more than \$5.5 million of in-kind contributions for FY 1988. The two types of contributions most often cited by CAAs were the value of volunteer time and donated space and equipment. The sources of these contributions included local governments, private organizations, and individuals.

### **State Non-Program Designated Appropriation**

During the 1987 session of the General Assembly, money was appropriated for the first time directly for community action. Consequently, all 27 community action agencies received a State appropriation to supplement their federal CSBG funds in FY 1988.

In FY 1988, Virginia appropriated more State funds directly to CAAs than did any of the other southeastern states (Table 11). According to the CSBG coordinators, five of the 12 southeastern states do not make any state funds available to their CAAs.

**Table 11**

### **CSBG and State Funding For Community Action in the Southeastern States FY 1988**

| <u>State</u>   | <u>Number<br/>of CAAs</u> | <u>Federal CSBG<br/>Allocation</u> | <u>State<br/>Appropriation</u> |
|----------------|---------------------------|------------------------------------|--------------------------------|
| Alabama        | 26                        | \$ 6,203,050                       | \$ 696,000                     |
| Florida        | 24                        | 10,124,000                         | 0                              |
| Georgia        | 21                        | 9,368,375                          | 0                              |
| Kentucky       | 23                        | 5,705,454                          | 0                              |
| Louisiana      | 42                        | 8,000,000                          | 375,000                        |
| Maryland       | 12                        | 4,300,000                          | 200,000                        |
| Mississippi    | 19                        | 5,371,585                          | 0                              |
| North Carolina | 35                        | 8,800,000                          | 986,000                        |
| South Carolina | 15                        | 5,400,000                          | 500,000                        |
| Tennessee      | 21                        | 6,000,000                          | 315,000                        |
| Virginia       | 27                        | 5,417,726                          | 1,283,257                      |
| West Virginia  | 14                        | 3,786,343                          | 0                              |

Source: Telephone interviews with CSBG coordinators, September 1988.

The effect of this non-program designated appropriation varied among the community action agencies in Virginia. For those CAAs in good financial positions, the effect of the State appropriation was not substantial. However, for those CAAs more dependent on the CSBG, the State appropriation made a major impact on their overall financial position. For example, the director of one CAA stated that without the State appropriation, the agency would have had to close for a portion of the year.

All CAA directors reported that they used the State appropriation to supplement the decreased CSBG funds. Therefore, a portion of the funds were used for general administrative expenses and activities. Many CAA directors indicated that the uncertainty of the continuity of the funds influenced their use of the funds. Overall, CAAs reported using the funds in four major areas:

- Nineteen CAAs expanded existing services, such as emergency services.
- Fourteen CAAs increased administrative staff and staff compensation.
- Nine CAAs expanded or introduced community outreach activities.
- Five CAAs purchased new equipment or leased space.

Regardless of the size of the agency, CAAs typically used the State supplemental appropriation in more than one area. For example:

*Danville (CIC) received \$29,522 of the State's non-program designated appropriation. This appropriation was five percent of the agency's total budget for FY 1988. The agency reported that \$8,721 of the appropriation was used for administration, \$8,456 for ex-offender services, \$5,680 for emergency services, and \$6,665 for a nutrition program.*

\* \* \*

*Roanoke (TAP) received \$65,605 in funding from the State appropriation. This constituted 1.2 percent of TAP's total budget for FY 1988. The agency reported that \$26,840 was used for community outreach, \$19,524 for adult employment and training services, \$9,241 for emergency home repairs, and \$10,000 for an emergency food storage and distribution program.*

CAA directors indicated that if the FY 1989 State appropriation were increased by 25 percent, the increase would be used in two major areas:

- Thirteen directors stated that additional funds would be used to expand existing program and outreach services.

- Sixteen directors reported that they would use the funds for personnel either to: hire additional staff, convert part-time positions into full-time positions, provide a cost of living adjustment, or provide new or additional staff benefits such as medical insurance.

CAA directors indicated that a 25 percent decrease in the State appropriation would affect the CAAs in the following manner:

- Fourteen CAAs would cut services in one or more program areas.
- Eleven CAAs would cut staff.
- Two CAAs would look for other sources of funding.
- Two CAAs could absorb the decrease without much effect.

CAA directors also indicated that the elimination of the State appropriation would have the following effects:

- Fifteen CAAs would cut back or eliminate certain services.
- Eleven CAAs would lay-off staff.
- Four CAAs would cut staff benefits.
- Four CAAs indicated that they would make up the lost State funding with other funds.

## DISTRIBUTION OF FUNDS

The OCS distributed over \$15 million in federal and State funds to community action agencies in FY 1988. Community action statewide organizations also disbursed federal and State funds to the local agencies. There are several problems with the methods used to allocate some of those funds.

First, the OCS uses a formula to allocate CSBG and State non-program designated funds to CAAs. The formula gives inappropriate weight to historical funding and is contrary to the Community Action Act. Moreover, the formula is not applied for a number of agencies.

Second, the OCS has relied on a small group of CAA directors to aid in the development of a request for proposals for another grant program. This procedure could result in the appearance of partiality.

Third, there are problems with the manner in which one statewide organization allocates its funds. A formula recently developed by Project Discovery appears to justify prior allocation decisions rather than serve as an objective mechanism for making these decisions.

### **Distribution Formula for CSBG and State Non-Program Designated Funds**

The formula used to distribute the CSBG and State non-program designated funds was developed by a small group of CAA directors in conjunction with Department of Social Services staff in 1981. The formula has been used to distribute funds since that time. According to the director of OCS, the same formula will be used to distribute the federal FY 1989 CSBG allocation and any State funds which may be appropriated.

The formula consists of three components: (1) the historical component, (2) the number of political jurisdictions served by the CAA, and (3) the low-income population served by each CAA as a percentage of the total low-income population residing in all CAA service areas.

The historical component controls 70 percent of the allocation. It was originally based on the amount of funds a CAA was receiving from the federal government prior to the initiation of the block grant system. The historical component used for the FY 1988 distribution was based on the amount of funds a CAA received in FY 1987. The number of political jurisdictions served and percent of low-income population each controls 15 percent of the allocation.

The current formula needs to be revised to ensure more equitable funding of the 27 community action agencies. There are two major weaknesses in the current formula. First, the emphasis on historical funding is inappropriate and may be inconsistent with legislative intent. Second, the formula is not applied to ten of the 27 CAAs.

*Inappropriate Emphasis on Historical Funding.* The formula, with its continued emphasis on historical funding, appears to be inconsistent with the statutory intent of the Community Action Act. Section 2.1-598 of the *Code of Virginia* specifically states that the percentage of low-income persons should be included in the formula for fund distribution. Historical funding is not mentioned. Further, the heavy emphasis on historical funding gives an advantage to agencies with a successful history of federal grantsmanship. Therefore, it serves to weigh maintaining existing agency operations more than the number of potential clients in the service areas.

The formula results in inequitable funding for several community action agencies (Table 12). For example, the community action agencies in Norfolk (STOP) and Roanoke (TAP) each received the same amount of money in FY 1988 — \$715,000. STOP, however, serves an area that contains 26 percent of the low-income population residing within areas served by community action. TAP, on the other hand, serves an

area containing only seven percent of the low-income population served by community action.

Several of the directors who initially helped develop the formula reported that there was consensus among the CAA directors that the formula was an equitable way to divide the CSBG funds. However, eight directors expressed dissatisfaction with the current emphasis on historical funding. Another three directors were unsure if the current formula was equitable. The following paraphrased statement from an agency director is one example of the expressed dissatisfaction:

*All community action agencies need to be strong. However, we do not need "super CAPS."..... The historical component needs to be minimized. All that it does is help the strong get stronger and the weak get weaker.*

The original purpose of emphasizing the historical component was to avoid having the funding of some CAAs decrease substantially in the transition to the block grant system. Several agency directors stated that it was their understanding that the emphasis on historical funding would decrease each successive budget year. However, it has now been seven years since the institution of the block grant system and the historical component is still the major emphasis of the formula.

The formulas used by other southeastern states to distribute CSBG funds vary. All states but Florida include poverty indicators in their distribution formulas (Table 13). However, the relative weights of the poverty indicators differ. The distribution formulas used by five states (Alabama, Georgia, Mississippi, South Carolina, and Tennessee) rely solely on the number of low-income persons in the service areas. Virginia's formula places less emphasis on the percentage of the population which is low-income than does any state other than Florida.

*Formula Not Applied Uniformly.* In FY 1988, the formula was used to distribute CSBG and State non-program designated funds to 17 of the 27 CAAs. The funds were disbursed to the other ten agencies based on three levels of floor funding.

According to the OCS director, the floor funding levels were established since some agencies were so small that the allocation under the formula would not be sufficient to operate an agency. Three different floor funding levels were used to account for variances between the small agencies. The OCS director was not sure how the actual floor amounts were derived.

The formula is not used to distribute funds to more than one-third of the community action agencies. This indicates that the current formula may not be appropriate. OCS should examine the formula to determine whether it takes into account factors necessary for an equitable distribution. Other factors that could be considered include the percentage of the service area which is rural and the unemployment rate in the service area. Another approach would be to completely base the allocation on the percentage of the population which is low-income.

Table 12

### Relative Rankings of Percentage of Low-Income Population And Funding

| <u>Agency</u>            | <u>Percent<br/>Low-Income*</u> | <u>Rank</u> | <u>CSBG &amp;<br/>State<br/>Funding</u> | <u>Rank</u> |
|--------------------------|--------------------------------|-------------|---|-------------|
| Norfolk (STOP)           | 25.5%                          | 1           | \$715,000                               | 1           |
| Richmond (RCAP)          | 8.2                            | 2           | 509,078                                 | 3           |
| Newport News (NNOHA)     | 7.3                            | 3           | 368,683                                 | 4           |
| Roanoke (TAP)            | 7.1                            | 4           | 715,000                                 | 1           |
| Fairfax (FDCA)           | 5.3                            | 5           | 201,063                                 | 11          |
| Lynchburg (LCAG)         | 4.8                            | 6           | 251,450                                 | 7           |
| Charlottesville (MACAA)  | 4.4                            | 7           | 316,123                                 | 5           |
| Christiansburg (NRCA)    | 4.3                            | 8           | 238,189                                 | 9           |
| Chatham (PCCA)           | 4.2                            | 9           | 195,157                                 | 13          |
| Abingdon (People)        | 3.4                            | 10          | 213,521                                 | 10          |
| Gate City (RADA)         | 2.6                            | 11          | 181,514                                 | 14          |
| Arlington (ACAP)         | 2.3                            | 12          | 160,000                                 | 18          |
| Onancock (ESCDG)         | 2.3                            | 12          | 153,333                                 | 25          |
| Marion (MCAP)            | 2.1                            | 14          | 199,527                                 | 12          |
| Alexandria (ADHS/DEO)    | 2.0                            | 15          | 160,000                                 | 18          |
| Cumberland (CPAC)        | 1.9                            | 16          | 264,805                                 | 6           |
| Galax (Rooftop)          | 1.8                            | 17          | 171,254                                 | 17          |
| Tazewell (CVCA)          | 1.6                            | 18          | 171,263                                 | 16          |
| Providence Forge (QRACA) | 1.6                            | 18          | 239,929                                 | 8           |
| South Boston (HCCA)      | 1.5                            | 20          | 160,000                                 | 18          |
| Waverly (SSGIA)          | 1.5                            | 20          | 153,333                                 | 25          |
| Rocky Mount (FCCAA)      | 1.4                            | 22          | 181,440                                 | 15          |
| Danville (CIC)           | 1.4                            | 22          | 160,000                                 | 18          |
| Warrenton (FCAC)         | 0.8                            | 24          | 160,000                                 | 18          |
| Williamsburg (WJCCCAA)   | 0.7                            | 25          | 160,000                                 | 18          |
| Powhatan (PGCCA)         | 0.6                            | 26          | 153,334                                 | 24          |
| Stanardsville (GCCDAC)   | 0.2                            | 27          | 100,000                                 | 27          |

\*Represents the percentage of the State's "capped" low-income population residing in a CAA's full-service area.

Source: Information provided by the Department of Social Services and information from 1979 census.

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Table 13

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**Community Service Block Grant Distribution Formulas  
Used by the Southeastern States  
FY 1988**

| <u>State</u>   | <u>Federal<br/>CSBG Allocation</u> | <u>Distribution Formula</u>   |
|----------------|------------------------------------|---|
| Alabama        | \$ 6,203,050                       | 100% - number of low-income in service area   |
| Florida        | 10,124,000                         | 100% - historical funding amount  |
| Georgia        | 9,368,375                          | 100% - number of low-income households in county  |
| Kentucky       | 5,705,454                          | 25% - historical funding amount 75% - number of low-income in county  |
| Louisiana      | 8,000,000                          | 40% - number receiving ADC payments<br>40% - unemployment rate in county<br>20% - number of low-income in county        |
| Maryland       | 4,300,000                          | 33.3% - number of low-income in county<br>33.3% - historical funding amount<br>33.3% - number of CSBG programs offered  |
| Mississippi    | 5,371,585                          | 100% - number of low-income in service area   |
| North Carolina | 8,800,000                          | 80% - historical funding amount<br>20% - number of low-income in service area   |
| South Carolina | 5,400,000                          | 100% - number of low-income in service area   |
| Tennessee      | 6,000,000                          | 100% - number of low-income in service area   |
| Virginia       | 5,417,726                          | 70% - historical funding amount<br>15% - number of low-income in county<br>15% - number of jurisdictions served         |
| West Virginia  | 3,786,343                          | 50% - historical funding amount<br>40% - number of low-income in county<br>10% - number of square miles in service area |

Source: Telephone interviews with CSBG coordinators, September 1988.

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***Recommendation (1).*** Consistent with §2.1-598 of the Community Action Act, the Department of Social Services should examine and revise the formula for distributing the federal FY 1990 CSBG allocation and any future CSBG and State non-program designated allocations. This revision should include phasing out the historical factor within the next three years. The Department of Social Services should report its revised formula to the Secretary of Health and Human Resources by June 1, 1989.

### **Distribution of the Federal Emergency Community Services Homeless Grant**

In FY 1988, the Office of Community Services received a grant of \$600,727 from the U.S. Department of Health and Human Services for projects to aid the homeless population. The method used to develop the request for proposals (RFP) for dissemination of these funds appears to conflict with the intent of the Virginia Public Procurement Act.

The OCS was responsible for submitting the application for the grant funding, developing a written plan describing how the State would meet the assurances specified in the application, and administering the grant. As part of its grant administration duties, OCS staff were required to develop an RFP to be distributed to the CAAs. Although the majority of CAAs were eligible to submit proposals, OCS staff solicited the aid of a small group composed of six CAA directors to develop the specifications for the RFP. These directors comprise VACAA's recently formed Homeless Task Force. The Homeless Task Force includes the directors of the community action agencies in Alexandria (ADHS/DEO), Charlottesville (MACAA), Cumberland (CPAC), Richmond (RCAP), Roanoke (TAP), and Warrenton (FCAC).

This group of CAA directors, in conjunction with the director of OCS, developed the specifications for award. The specifications directed that 60 to 75 percent of the funds be used for the "expansion of comprehensive services to homeless individuals to provide follow-up and long-term services." This approach to address the problems of the homeless was being used by three members of the task force. Five of the six directors applied for, and received, homeless grant funds ranging from \$31,000 to \$75,000 (Table 14). In total, grant awards were made to 16 CAAs and ranged from \$14,000 to \$75,000 each.

The Virginia Public Procurement Act mandates that "all procurement procedures be conducted in a fair and impartial manner with the avoidance of any impropriety or appearance of impropriety." The exchange of information between the State and potential vendors is an important element in the development of any RFP. However, the involvement of a selected group of potential bidders in determining the specifications of the RFP gives at least the appearance of partiality.

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**Table 14**

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**Homeless Assistance Awards Made to  
Community Action Agencies  
FY 1988**

| <u>Agency</u>            | <u>Fund Amount</u> |
|--------------------------|--------------------|
| Charlottesville (MACAA)  | \$75,000           |
| Roanoke (TAP)            | 75,000             |
| Alexandria (ADHS/DEO)    | 60,000             |
| Fairfax (FDCA)           | 60,000             |
| Newport News (NNOHA)     | 60,000             |
| Richmond (RCAP)          | 60,000             |
| Warrenton (FCAC)         | 31,000             |
| Norfolk (STOP)           | 30,000             |
| Waverly (SSGIA)          | 28,727             |
| Chatham (PCCA)           | 25,000             |
| Lynchburg (LCAG)         | 25,000             |
| Providence Forge (QRACA) | 15,000             |
| Danville (CIC)           | 14,000             |
| Onancock (ESCDG)         | 14,000             |
| Powhatan (PGCAA)         | 14,000             |
| South Boston (HCCA)      | 14,000             |

Source: Information provided by the Office of Community Services, Department of Social Services, 1988.

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***Recommendation (2).*** The DSS should follow the intent of the Virginia Public Procurement Act when developing requests for proposals (RFPs). Comments should be solicited from a wide range of interested parties. In many instances it may be appropriate to solicit input from all CAA directors. In addition, consideration should be given to including experts and other knowledgeable individuals outside the CAA system in the development of RFPs and other competitive procedures concerning CAA funding.

**Distribution of Funds by Project Discovery**

In response to a Virginia Department of Education directive, Project Discovery recently developed a formula for distribution of funds to subcontracting CAAs. The components of the formula appear to have been developed to justify the amounts which had already been allocated to the various CAAs for operating Project Discovery programs.

In the past, programs were told to "think how much it would take to run a program and then ask for that amount." FY 1989 allocation decisions had already been made on this basis. The new formula serves to allocate the same amount of funds to the CAAs that they were receiving under the previous disbursement policy.

The formula assigns arbitrary dollar amounts loosely derived from the estimated number of staff hours spent with each student. Some of the estimates, however, do not appear justifiable.

Various options exist for more equitable disbursement of the statewide organization's funds. For example, the formula could be based at least in part on the number of students eligible for the program in each service area.

Another consideration is the establishment of a maximum number of students with which each program conducts follow-up. The number of students requiring follow-up should be determined as a percentage of the total number of students who have enrolled in each local program. The resulting figure would then be used in determining the allocation to each program.

Determination of an adequate funding distribution should not be conducted by the executive committee of Project Discovery's board of directors. The executive committee is composed of directors of CAAs with Project Discovery programs. Therefore, these individuals have vested interests in the funding decisions.

Development of a funding formula should be made by individuals who will not gain or lose from the funding decisions. The possible appearance of partiality is sufficient to warrant having a third party determine local program allocations. Therefore, the Department of Education should require that CAAs use a funding formula developed by the Department in conjunction with Project Discovery. Further, the Department should monitor the distribution to ensure that the formula is implemented.

**Recommendation (3).** The Department of Education should work with Project Discovery to design and implement an equitable funding formula. This formula should be used to allocate any future State funds to be disseminated from Project Discovery.

## FUND MANAGEMENT

The Office of Community Services is required to assure that CSBG funds are disbursed in accordance with federal guidelines. OCS is also required to ensure that appropriate financial reporting and accounting procedures are followed in community action agencies. As part of State oversight, local agencies are required to comply with generally accepted accounting procedures as verified by independent audit.

CAAs appear to comply with assurances regarding accounting procedures and basic reporting requirements. However, the Office of Community Services is not providing adequate oversight of the financial practices of the CAAs. One indication of the lack of oversight is the absence of a standard administrative cost definition, as well as varied administrative and operating costs at the CAAs.

Two factors appear to be obstacles to State financial oversight. First, the Department of Social Services collects limited financial information from the CAAs. Second, the DSS unnecessarily complicates fund distribution and oversight with the use of multiple funding disbursement cycles.

### **CAA Compliance with CSBG Requirements**

The State Plan lists several assurances that will be followed at the local level. The requirements for the CAAs are that they (1) submit quarterly reports of expenditures, (2) submit an annual audit conducted by an independent certified public accountant, and (3) have in place an accounting system with internal controls adequate to safeguard assets.

Results of the independent audits of CAAs generally indicated that adequate financial controls are in place. The audit reports of four CAAs did have minor audit exceptions noted. Follow-up of the audit exceptions with the CAA directors indicated that the exceptions have been corrected.

### **Conditions Which Complicate OCS's Financial Oversight Role**

State oversight and knowledge of the CAAs' use of funds is minimal. Certain conditions contribute to this situation. First, there are ten funding cycles used to distribute funds to the 27 CAAs. These funding cycles are set at the State's discretion. Nine cycles should be eliminated, and all funding should be disseminated in conformance with the State's fiscal year. Second, DSS does not maintain any type of summary financial information on the CAAs. The information which is collected is limited to CSBG expenditures. Additional financial information is necessary to effectively monitor the CAAs and make knowledgeable allocation decisions regarding all funds over which OCS has control.

*Multiple Funding Cycles.* Multiple funding cycles constitute a major barrier to effective oversight. CAAs typically receive many grants with different funding cycles. Financial reporting is complicated by the many cycles which sometimes must be dissected and reassembled to reflect a single period.

Some discrepancies between funding cycles is inevitable given the difference between the federal and State fiscal year. Federally-funded programs typically operate on the federal fiscal year (October 1 through September 30). Funds disbursed by the State typically operate on the State fiscal year (July 1 through June 30).

However, CSBG funds are not disbursed on either the federal or the State fiscal year. Rather, CSBG contracts are negotiated and signed with CAAs at ten different times throughout the year.

The State cannot change the overlap which results from the federal grantors' decisions but it can change the distribution cycle for funds which it administers. All CSBG funding periods are set at the State's discretion.

***Recommendation (4).*** The Department of Social Services should distribute all State and federal funds administered by the Office of Community Services in a manner which does not unnecessarily complicate CAA administration and OCS's oversight role. Strong consideration should be given to using the State fiscal year.

***Financial Oversight.*** Given the diversity and complexity of CAA funding, OCS should collect more than just CSBG financial information from the CAAs. DSS should also maintain comprehensive, up-to-date information on each CAA's total funding. This information could be used for decisions on future funding requests and allocations.

The current CSBG report does not contain sufficient information to fully reflect the financial features of each CAA. The financial data collected needs to include information on funding from all sources and the disposition of these funds during a specific time period.

***Recommendation (5).*** The Department of Social Services should work with local and statewide CAAs to develop a format for submission of comprehensive financial information on each CAA. This information should be submitted on a periodic basis. The Department of Social Services should prepare a "descriptive" budget summary on an annual basis which organizes this information in a fashion that would be helpful to OCS in its funding and oversight role. Further, specific reporting requirements should be developed for any non-program designated appropriations from the State. This information should be submitted in a format which will allow OCS to monitor the uses and outcomes of the appropriations.

### **Budget Components Related to Agency Administration and Operations**

JLARC staff initially intended to conduct a strict assessment of CAA administrative costs. However, a number of factors inhibited this type of assessment. Therefore, selected budget components related to administration and operations were assessed. These components were not always independent of the agencies program efforts, but they showed a number of differences in the way agencies decide to allocate their monies.

Budgeted amounts for components such as salaries and fringe benefits for administrative staff members, facilities and space, and membership dues were

examined. The examination showed that agencies allocate varying portions of their total agency funds for these components (Table 15). Budgeted amounts vary from eight percent to 25 percent of total agency funds.

In general, on-site visits indicated that CAA facilities and furnishings are austere and not extravagant. However, some agencies maintain large facilities which may or may not be economical given costs of heating, cooling, maintenance, and repairs. In addition, CAA emphasis on such items as conferences and professional memberships appears to vary.

*Difficulties Associated With Conducting A Strict Assessment of Administrative Costs.* Several factors prohibited the conduct of a strict assessment of CAA administrative costs. First, differing definitions exist regarding administrative costs. There is no clear consensus as to what budget components should be defined as administration.

Second, CAAs have very different budget and accounting structures and charts of accounts. A ledger account labeled "memberships" in one agency may reflect professional memberships only. A similarly labeled account in another CAA could include magazine subscriptions, books, and other miscellaneous expenses in addition to membership expenses.

Third, clear distinctions do not always exist between administrative and program functions. For example, some CAAs employ planners. These individuals may be involved in a number of administrative functions, such as fund raising and grant writing. They may also be involved in broad program planning. Although they do not directly provide services to clients, their grantsmanship and planning activities greatly affect the programs of the agency.

*Data Collection.* CAAs were asked to report their FY 1988 budget amounts in the following categories:

- salaries and fringe benefits associated with administrative positions such as executive director, planner, finance director, and clerical staff supporting these positions;
- rental or mortgage payments for any space maintained by the CAA;
- leased or purchased equipment, such as vehicles, telephone systems, copy machines, automated data processing machines, and other devices used to operate the agency;
- all job-related training and conference expenses, including professional conferences and workshops;
- organization-wide expenses and reimbursements to employees for costs associated with membership in an organization.

Table 15

## Budget Components Related to Agency Administration and Operations\* FY 1988

| CAA                      | Administrative<br>Salaries and<br>Fringe Benefits | Facilities<br>and Space | Equipment        | Conferences<br>and Training | Membership<br>Dues** | Total<br>Budget for<br>Components | Total<br>Agency<br>Budget | Proportion of<br>Components to<br>Total Agency<br>Budget |
|--------------------------|---|-------------------------|------------------|-----------------------------|----------------------|-----------------------------------|---------------------------|--|
| Abingdon (People)        | \$210,743   | \$16,338                | \$ 50,044        | \$1,397                     | \$908                | \$279,430                         | \$1,339,186               | 21%  |
| Alexandria (ADHS/DEO)    | 161,383   | 48,160                  | 23,790           | 1,318                       | 1,513                | 236,164                           | 1,120,832                 | 21   |
| Arlington (ACAP)         | 138,032   | 25,000                  | 4,500            | 13,613                      | 500                  | 181,645                           | 1,458,640                 | 12   |
| Charlottesville (MACAA)  | 145,450   | 72,941                  | 53,996           | 11,843                      | 1,900                | 286,130                           | 1,509,099                 | 19   |
| Chatham (PCCA)           | 229,735   | 35,996                  | 42,225           | 46,177                      | 4,116                | 358,249                           | 2,436,491                 | 15   |
| Christiansburg (NRCA)*** | 163,909   | 73,280                  | 36,746           | 8,040                       | 1,000                | 282,975                           | 1,995,650                 | 14   |
| Cumberland (CPAC)        | 113,415   | 34,263                  | 26,212           | 6,300                       | 720                  | 180,910                           | 1,632,934                 | 11   |
| Danville (CIC)           | 105,823   | 1,200                   | 5,161            | 7,950                       | 428                  | 120,562                           | 596,841                   | 20   |
| Fairfax (FDCA)           | 681,608   | 37,180                  | 29,008           | 80,595                      | 1,000                | 829,391                           | 5,110,515                 | 16   |
| Galax (Rooftop)          | 77,270  | 17,500                  | 6,900            | 9,950                       | 500                  | 112,120                           | 1,228,930                 | 9  |
| Gate City (RADA)         | 80,678  | 3,500                   | 26,000           | 1,700                       | 858                  | 112,736                           | 1,043,901                 | 11   |
| Lynchburg (LCAG)         | 132,432   | 37,021                  | 11,000           | 3,500                       | 1,100                | 185,053                           | 1,479,087                 | 13   |
| Marion (MCAP)            | 79,778  | 45,423                  | 49,712           | 5,836                       | 300                  | 181,049                           | 1,970,620                 | 9  |
| Newport News (NNOHA)     | 149,441   | 326                     | 3,432            | 8,672                       | 100                  | 161,971                           | 1,709,551                 | 9  |
| Norfolk (STOP)           | 278,693   | 239,178                 | 118,982          | 92,499                      | 4,390                | 733,742                           | 4,645,334                 | 16   |
| Onancock (ESCDG)****     | 50,654  | 13,030                  | 8,422            | 7,800                       | 1,800                | 81,706                            | 445,235                   | 18   |
| Powhatan (PGCAA)         | 42,678  | 1,275                   | 400              | 1,000                       | 260                  | 45,613                            | 544,549                   | 8  |
| Providence Forge (ORACA) | 45,351  | 25,825                  | 8,825            | 3,447                       | 988                  | 84,436                            | 429,086                   | 20   |
| Richmond (RCAP)          | 340,351   | 122,033                 | 68,110           | 7,584                       | 1,300                | 539,378                           | 2,241,669                 | 24   |
| Roanoke (TAP)            | 452,717   | 368,437                 | 313,273          | 44,621                      | 4,855                | 1,183,903                         | 5,509,586                 | 21   |
| Rocky Mount (FCCAA)      | 75,975  | 1,925                   | 4,697            | 1,776                       | 588                  | 84,961                            | 884,082                   | 10   |
| South Boston (HCCA)      | 67,393  | 15,181                  | 6,313            | 1,586                       | 100                  | 90,573                            | 687,959                   | 13   |
| Stanardsville (GCCDAC)   | 45,981  | 0                       | 2,071            | 2,600                       | 1,000                | 51,652                            | 208,462                   | 25   |
| Tazewell (CVCA)          | 91,056  | 17,149                  | 32,163           | 2,565                       | 10                   | 142,943                           | 1,166,178                 | 12   |
| Warrenton (FCAC)         | 78,359  | 12,600                  | 10,885           | 2,883                       | 550                  | 105,277                           | 496,433                   | 21   |
| Waverly (SSGIA)          | 43,004  | 7,900                   | 6,391            | 2,115                       | 800                  | 60,210                            | 332,187                   | 18   |
| Williamsburg (WJCCCAA)   | 123,098   | 16,091                  | 16,700           | 2,394                       | 800                  | 159,083                           | 732,449                   | 22   |
| <b>TOTAL</b>             | <b>\$4,205,007</b>                                | <b>\$1,288,752</b>      | <b>\$965,958</b> | <b>\$379,761</b>            | <b>\$32,384</b>      | <b>\$6,871,862</b>                | <b>\$42,955,486</b>       |  |

AVERAGE 16%

\* Data were self-reported and not validated by JLARC staff.

\*\* Several agencies do not assign a budget account to membership dues and make expenditures from other accounts such as petty cash.

\*\*\* Agency did not provide budget amounts. Expenditures were used. Financial services contract of \$73,851 is included with administrative salaries and fringe benefits total.

\*\*\*\* Agency serves as both CAA and Area Agency on Aging. Budgeted amounts reflect only CAA activities.

Source: JLARC CAA Mail Survey, July 1988.

As stated previously, collected data that are shown in Table 15 do not represent true CAA “administrative” costs for two reasons. First, administrative and program costs cannot always be clearly distinguished. Second, other items that are often considered to be administrative in nature are not included. These include books, magazine and newspaper subscriptions, insurance, consumables such as office and cleaning supplies, travel to conferences, and consultant expenses for such items as legal assistance and audits.

*Differences Among Agencies.* Three major findings became evident during this assessment. First, as already stated, no consensus exists as to a definition of administrative costs.

Second, some grants place limitations on the percent of the grant that can be expended for administration. The CSBG, on the other hand, does not set a limit, but leaves this determination to the State. DSS has not defined administrative costs nor determined an administrative cost “target” for CAAs.

Third, a comparison of budgeted amounts in the selected categories shows striking differences between agencies. Proportions of agency budgets for items such as administrative salaries, fringe benefits, facilities, and space vary tremendously.

Variations in the component categories that were examined, in conjunction with the lack of a standard definition of administrative costs, indicate that additional emphasis by OCS is necessary in this area. Development of a consistent definition to be used by all CAAs, in addition to the establishment of a target amount, could help ensure that CAAs are allocating their monies in the most economical manner possible. It would also aid OCS in fund allocation decisions, in that agencies which demonstrate efficiencies or inefficiencies would be more readily identifiable.

***Recommendation (6).*** The DSS should define administrative costs as they pertain to CAAs and establish a target for these costs. The DSS should monitor the CAAs’ administrative expenses and provide the assistance necessary to help them meet the established target.

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### III. Program Performance

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CAAs exhibit a wide diversity in many aspects of their operations and programs. Each CAA determines the type and mix of programs for its service area based on its assessment of local needs. Consequently, each CAA offers a unique set of programs selected from a broad spectrum of human service initiatives.

During the course of the JLARC staff field visits, all CAAs discussed case examples of their agency's successful performance. CAA staff cited individuals that were helped by their services and described projects that served the low-income population within their communities. A number of these services and projects were observed by JLARC staff. For example:

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#### Exhibit 2

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#### Examples of Successful Performance Reported by CAAs

One client was first contacted by **Richmond (RCAP)** in 1967 through a door-to-door survey. She was an unemployed young mother with six children who the RCAP outreach worker recruited to participate in the agency's New Careers program. Through the New Careers program, she earned a GED, became employed, and was linked with other services available through the agency, such as the Head Start program. She has since held positions of progressively increasing responsibility, including community services director for RCAP's southside neighborhood center. She proudly notes that her children, all of whom participated in the Head Start program, have either attended college or currently have secure, well-paying jobs. One of her children has earned a doctorate.

A client of **Charlottesville (MACAA)** is now one of the agency's low-income board representatives. She attended cosmetology school through the agency's JTPA program, which led to her current job as a stylist at a beauty parlor. She is also a Head Start parent, vice-president of her tenant association, and a former Project Discovery participant. She believes that without the personal attention and encouragement she received from MACAA staff, she would not have the control of her life she does now.

**Roanoke (TAP)** was able to open a transitional living center in Roanoke through a combination of federal funds, local funds, and private contributions. The center will eventually be able to serve up to 100 homeless individuals. While some emergency shelter will be provided by the center (up to 30 days residence), the emphasis will be on providing shelter for longer periods (up to one year). The program intends to provide certain clients with counseling, training, and evaluation. According to TAP staff, the increased housing stability and additional services will enable these clients to more thoroughly address the causes of their homelessness.

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Source: Information provided by CAA directors and clients, August 1988.

Observation and discussion of these case examples were an essential part of this study. Numerous case examples are presented throughout the report. However, it was necessary to focus on program performance across the system for this review, rather than on individual case examples. This level of assessment required the collection of many data items related to program services.

The assessment of program effort and performance led to several observations. The primary finding is that program effort and performance across the CAAs are mixed. The numbers and types of programs offered vary, as do numbers of clients served, average costs per client, and amounts of local cash support provided for CAA programs.

Further, while CAAs focus on activities that are consistent with the stated mission of addressing the low-income population and the causes of poverty, not all CAAs conduct programs equally well. Assessment of a number of indicators shows diversity in agency performance. Finally, some duplication does occur between community action programs and the programs of other human service providers. In some instances, however, this duplication appears warranted.

The performance of CAAs was difficult to measure. Much of the data necessary to indicate program performance were not available or were not of sufficient quality to support a rigorous assessment of each CAA program. Therefore, the program performance assessment focused on four areas: (1) general program-related considerations, (2) selected indicators of program performance, (3) the appropriateness of program offerings, and (4) possible duplication with other local human service programs and CAA efforts to coordinate with those providers. The assessment is not comprehensive, but it does provide an indication of system-wide CAA program performance.

### **General Program-Related Considerations**

A review of basic organizational statistics revealed some obvious differences among the CAAs (Table 16). For example, the number of program areas within which services are offered ranges from four at Waverly (SSGIA) to 14 at Galax (Rooftop). The number of agency staff ranges from five to 248.

Further, the unduplicated number of clients receiving services from individual CAAs ranges from 388 to 29,319. However, some agencies could not document their unduplicated number of clients served. The average cost per client receiving services is \$442, but individual CAAs range from \$83 to \$1,403. Major differences also exist in the amount of cash support provided by local government general funds in support of CAA programs. While a number of local governments do not provide cash support, Fairfax County provides 66 percent of Fairfax's (FDCA) total budget.

**Table 17**  
**Overview of Community Action Agencies and Programs - FY 1988**

| Community Action Agency  | Agency Information  |                                       |                                |                 |  | Activity Indicators  |                           |                           |  |  |                                       |   |  |
|--------------------------|---|---------------------------------------|--------------------------------|-----------------|--|--|---------------------------|---------------------------|--|--|---------------------------------------|---|--|
|                          | Number of Program Areas   | Number of Staff (Full- and Part-time) | Number of Unduplicated Clients | Cost per Client | Percentage of Total Budget in Local General Fund Support | Center-Based Head Start  |                           |                           | Project Discovery Successful Completion Rate | Va. CARES Pre-release Successful Completions | Va. CARES Post-release Placement Rate | YACAA Weatherization Production Goal Attainment |  |
|                          |   |                                       |                                |                 |  | % Family Needs Assessments Completed   | JTPA Adult Placement Rate | JTPA Youth Placement Rate |  |  |                                       |   |  |
| Abingdon (People)        | 13  | 65                                    | 5,439                          | \$ 246          | 0%†  | 100%   | Δ                         | Δ                         | 34%  | 97%  | 58%                                   | 108%  |  |
| Alexandria (ADHS/DEO)    | 7   | 13                                    | 4,536                          | 247             | 26   | 94   | Δ                         | Δ                         | 81   | Δ  | 20                                    | Δ   |  |
| Arlington (ACAP)         | 10  | 66                                    | 2,142                          | 681             | 5  | 68   | Δ                         | Δ                         | Δ  | 100  | 55                                    | Ω   |  |
| Charlottesville (MACAA)  | 11  | 69                                    | 1,670                          | 904             | 6  | 84   | 71%                       | 55%                       | 100  | Δ  | Δ                                     | Δ   |  |
| Chatham (PCCA)           | 10  | 100                                   | [3,460]                        | 704*            | 3  | 100  | 78                        | 49                        | 84   | Δ  | Δ                                     | 96  |  |
| Christiansburg (NRCA)    | 13  | 70                                    | 18,640                         | 120             | 6  | 100  | Δ                         | Δ                         | Δ  | Δ  | Δ                                     | Δ   |  |
| Cumberland (CPAC)        | 12  | 75                                    | [6,000]**                      | 272*            | 0  | 100*   | Δ                         | Δ                         | 92   | 96   | 53                                    | 98  |  |
| Danville (CIC)           | 5   | 29                                    | 2,425                          | 248             | 0  | 96   | Δ                         | Δ                         | Δ  | Δ  | 22                                    | Δ   |  |
| Fairfax (FDCA)           | 9   | 21                                    | 29,319                         | 174             | 66   | 0  | Δ                         | Δ                         | Δ  | Δ  | Δ                                     | Δ   |  |
| Galax (Rooftop)          | 14  | 51                                    | 3,103                          | 396             | 1  | 100  | 75                        | 70                        | Δ  | Δ  | Δ                                     | 116   |  |
| Gaith City (RADA)        | 11  | 27                                    | [1,891]                        | 552*            | 0  | 0  | Δ                         | Δ                         | Δ  | Δ  | Δ                                     | 121   |  |
| Lynchburg (LCAG)         | 9   | 79                                    | [4,798]                        | 308*            | 0  | 100  | Δ                         | Δ                         | Δ  | Δ  | Δ                                     | 138   |  |
| Marion (MCAP)            | 12  | 69                                    | [11,529]                       | 171*            | 0  | 96   | 89                        | 82                        | Δ  | Δ  | Δ                                     | 104   |  |
| Newport News (NNOHA)     | 13  | 109                                   | 6,899                          | 248             | 4  | 97   | Δ                         | Δ                         | 48   | Δ  | 48                                    | 0   |  |
| Norfolk (STOP)           | 11  | 248                                   | 4,857                          | 956             | 1  | 70   | 79                        | 68                        | 93   | 100  | 63                                    | 109   |  |
| Onancock (ESCDG)         | 10  | 83                                    | [4,723]                        | 94*             | 0  | 91   | 75                        | Δ                         | Δ  | Δ  | Δ                                     | 111   |  |
| Powhatan (PGCAA)         | 8   | 12                                    | 388**                          | 1,403           | 7  | Δ  | Δ                         | Δ                         | Δ  | Δ  | Δ                                     | Δ   |  |
| Providence Forge (ORACA) | 10  | 15                                    | [1,847]                        | 232*            | 3  | 0  | Δ                         | Δ                         | Δ  | Δ  | Δ                                     | Δ   |  |
| Richmond (RCAP)          | 10  | 76                                    | [27,000]**                     | 83*             | 9  | 60*  | Δ                         | Δ                         | 81*  | 99   | 41                                    | Δ   |  |
| Roanoke (TAP)            | 13  | 201                                   | 7,849                          | 702             | 3  | 100  | 53                        | 52                        | 53   | 100  | 52                                    | 100   |  |
| Rocky Mount (FCCAA)      | 7   | 33                                    | 2,158                          | 410             | 0  | 100  | 66                        | 37                        | 69   | Δ  | Δ                                     | 105   |  |
| South Boston (HCCA)      | 8   | 27                                    | [7,543]                        | 91*             | 2  | 100  | Δ                         | Δ                         | Δ  | Δ  | Δ                                     | 107   |  |
| Stanardsville (GCCDAC)   | 6   | 8                                     | [468]                          | 429*            | 3  | Δ  | Δ                         | Δ                         | Δ  | Δ  | Δ                                     | Δ   |  |
| Tazewell (CVCA)          | 12  | 36                                    | [3,225]                        | 362*            | 2  | 100  | 72                        | 49                        | 71   | Δ  | Δ                                     | 110   |  |
| Warrenton (FCAC)         | 8   | 24                                    | 1,095                          | 453             | 2  | 98   | Δ                         | Δ                         | Δ  | Δ  | Δ                                     | Δ   |  |
| Waverly (SSGIA)          | 4   | 5                                     | [390]**                        | 852*            | 0  | Δ  | Δ                         | 50                        | Δ  | Δ  | Δ                                     | Δ   |  |
| Williamsburg (WJCCCAA)   | 10  | 26                                    | 1,251**                        | 585             | 7  | 100*   | Δ                         | Δ                         | Δ  | Δ  | Δ                                     | 0   |  |
| Average:                 | 10  | 61                                    | 6,025                          | \$442           | 6%   | 94%  | 73%                       | 57%                       | 73%  | 90%  | 48%                                   | 110%  |  |
| Range:                   | 4-14  | 5-248                                 | 388-29,319                     | 83-1,403        | 0-66   | 60-100   | 53-89                     | 37-82                     | 34-100                                       | 96-100                                       | 20-63                                 | 96-138  |  |
| Target:                  | NA  | NA                                    | NA                             | NA              | NA   | 100  | 62                        | 43                        | NA   | NA   | NA                                    | 100   |  |
| Key to symbols:          | [ ] Estimate by CAA, could not be validated<br>* Calculation involves estimate<br>† Less than one percent<br>** Data for federal FY 1987<br>NA = Not Applicable |                                       |                                |                 |  | * Data for federal FY 1987<br>Δ = Service not provided<br>Ω = ACAP uses YACAA weatherization program as supplement to<br>0 = Contract with other organizations for services<br>NA = Not Applicable<br>CDBG funded weatherization; no planned goal established. |                           |                           |  |  |                                       |   |  |

Sources: JLARC CAA mail survey, July 1988; interviews with CAA directors and staff, July - November 1988; telephone interview with Director of Office of Community Programs, U.S. Department of Health and Human Services, October 1988; telephone interview with Director, Monitoring and Evaluation Division, Governor's Employment and Training Department; information provided by the Virginia Association of Community Action Agencies, 1988.

These general considerations provide an indication of the overall operating capacity among CAAs. It is within these operating capacities that CAA programs are provided.

### **CAA Data Limitations**

During the course of the study, two data problems limited the extent to which program performance could be examined. First, the activities of many CAA programs are difficult to quantify or measure without a long-term outcome study. Second, although data were maintained for most programs, the methods used by many CAAs to maintain the data hindered data retrieval and verification.

*Measurement Difficulties.* Several programs provided by the CAAs, like many programs with a community service orientation, present a unique set of problems for determining program success. In particular, programs such as community organization and economic development do not readily lend themselves to quantifiable program measures. For example, the organization of a neighborhood group through the efforts of a CAA may have tremendous benefits for the neighborhood involved in terms of focusing energy to solve local problems. However, positive outcomes, such as increased neighborhood unity and problem identification, can only be adequately measured through a long-term, controlled study.

In addition, “quality-of-life” measures — which are a major emphasis of programs in categories such as health, housing, and nutrition — were not included in the evaluation. These programs are intended to provide an enhanced living environment, improving the possibilities that the low-income population can progress out of a poverty situation. However, the assessment of this type of outcome also requires a long-term, controlled study.

*CAA Data Maintenance Problems.* Analysis was also limited by a consistent problem with the methods CAAs use to maintain data. Client records are not maintained for some programs. In addition, due to the various funding sources supporting programs, program data at individual CAAs are often maintained according to several different fiscal years. For example, data for the JTPA program are maintained on a July 1 to June 30 fiscal year, while data for the Head Start program are maintained according to an October 1 to September 30 fiscal year. This variance made it difficult for some CAAs to provide program information for the time period requested for the study.

### **CAA Program Performance Indicators**

An examination of selected CAA programs indicates that CAAs are achieving mixed success in the provision of services to clients. The examination focused on three distinct groups of programs: education, employment, and community action statewide programs.

Education and employment programs were selected for two reasons. First, education and employment programs provide low-income persons with the skills necessary to address the causes of their poverty, which is one of the primary missions of CAAs. In contrast, other programs, such as emergency services and nutrition, provide assistance with the immediate problems associated with poverty. Although provision of these services may be necessary to improve the immediate needs of low-income people, they are not intended to provide long-term solutions.

Second, the data available for the education and employment programs selected for this examination are generally consistent across the CAAs. This is primarily due to regular monitoring and federal data requirements.

Community action statewide organizations are included in the examination because they are intended to address statewide needs through services delivered by the community action agencies. Community action statewide organizations received and disbursed over \$2 million in State funds in FY 1988.

The examination is intended to give a limited view of the performance of CAAs in delivering certain program services and in meeting selected program requirements. It is not intended to provide a comprehensive evaluation of all CAA programs, nor does it provide a comprehensive assessment of program outcomes for the various programs that were reviewed.

*Head Start.* A lack of formal education is one of the many barriers that the low-income population faces in overcoming poverty. The link between education level and income is documented by many research studies. Research also suggests that the provision of early childhood education opportunities, such as Head Start, increases the chances that children will perform better in school.

The Head Start program places a strong emphasis on parental involvement and assessment of total family needs. A family needs assessment is one of the principal methods of initiating contact with Head Start parents to enhance their involvement and to target needs that may improve the Head Start child's living situation. The needs assessment instrument provides an extensive profile of family conditions in areas such as income, employment, education, housing, skills. The U.S. Department of Health and Human Services encourages completion of the needs assessment instrument for the family of any child enrolled in the program within 90 days of the child's enrollment.

CAAs providing the Head Start program were examined based on the percentage of family needs assessments completed in relation to the number of children enrolled in center-based Head Start programs. The CAAs' rates of completion were compared to the target set for Virginia by the U.S. Department of Health and Human Services, which is 100 percent completions.

Twenty-one of the 27 CAAs directly provide Head Start programs (Table 16). The average completion rate for all CAAs providing the program was 94 percent. The lowest completion rates were in two large urban programs, Richmond (RCAP) with 60 percent and Norfolk (STOP) with 70 percent. The data for the RCAP program was collected for the 1987 program year. Additional information obtained from the U.S. Department of Health and Human Services indicates that RCAP improved to an 88 percent completion rate during FY 1988.

***Job Training Partnership Act (JTPA).*** During FY 1988, ten CAAs were awarded contracts to provide JTPA programs with job placement components. JTPA has established performance standards to measure program quality and accountability. These measures have come under criticism for possibly encouraging quick, low-cost placements while de-emphasizing service to hard-to-serve clients such as high school dropouts and ex-offenders. However, they do provide a basis for performance comparisons among the CAAs.

CAA performance rates were compared to national performance targets for two program measures: (1) adult entered employment rate and (2) youth entered employment rate. National targets are used to provide general benchmarks for comparison. Entered employment, or placement rates, were calculated according to the methods outlined in the Job Training Partnership Act. Youth entered employment rates are generally lower due to program emphasis on other forms of positive results such as full-time school attendance.

Nine CAAs report having JTPA programs with an adult placement component during FY 1988. Nine CAAs also provided placement services for youth ranging from 16 to 21 years of age.

The CAA average placement rate of 73 percent for the adult component exceeds the JTPA established target of 62 percent (Table 16). One program, Roanoke (TAP), has a placement rate of 53 percent which is below the established target. However, TAP's rate includes a clerical skills training program which primarily emphasizes training components, not placement.

The national youth placement rate was 43 percent. CAAs had an average placement rate of 57 percent. Rocky Mount (FCCAA) was below the JTPA target.

### **Community Action Statewide Organization Indicators**

The community action statewide organizations are included in the examination of activity indicators for two reasons. First, they receive substantial amounts of State funding, both through the DSS and other State agencies. Second, they were established to address statewide needs of the low-income population. Their success in achieving this goal depends heavily on the ability of the CAAs to deliver services.

Activity indicators are presented for three of the four community action statewide organizations: Project Discovery, Virginia CARES, and the VACAA Weatherization Program. The Virginia Water Project (VWP) is excluded from the examination because the program does not generally involve the direct provision of services by the CAAs. Instead, the CAAs and the VWP engage in a type of resource exchange. CAAs provide the VWP with outreach and needs assessment capabilities, while the VWP provides the CAAs with training and technical assistance, and serves as a source for grants to localities or individuals in need of water/wastewater services. No funds flow directly from the VWP to the CAAs.

The focus of this examination is on services provided directly by the CAAs. For this reason, the two CAAs that subcontract their weatherization activities are also excluded.

*Project Discovery.* Project Discovery is designed to enhance the access of low-income and minority students to post-secondary education. Project Discovery activities are divided into high school and junior high school curricula. Project Discovery worked with students from 45 junior and senior high schools in Virginia during FY 1988. During this same period, 877 students participated in the program.

Few if any standards exist to which the performance of Project Discovery can be compared. Despite its stated focus on low-income and minority students, Project Discovery participants are mixed both racially and socio-economically. There are no racial criteria or quotas for participation in the program. In addition, Project Discovery does not limit its post-secondary emphasis to college attendance.

Most studies performed on rates of students pursuing post-secondary opportunities tend to focus strictly on minority students. College attendance is the post-secondary experience usually measured. However, because all Project Discovery participants are not minorities or necessarily choosing college as their post-secondary experience, comparisons with these sources would be misleading. Project Discovery considers students entering college as well as the armed services, vocational and trade schools, and work as successful outcomes for the program.

Another indicator of program success is student interest in the program. This can be demonstrated through the number of students successfully completing the program to the total number of students enrolled. A successful completion involves attendance at all seven required workshops provided by the program. In addition, senior high students must attend three site visits sponsored by the program.

Consistent performance standards across local programs were not being utilized during the data collection period. Project Discovery board members and staff acknowledged that variability exists in local interpretation of performance standards. Project Discovery has developed a new set of evaluation instruments and methods in conjunction with the Evaluation Research Center at the University of Virginia Curry School of Education, which will be implemented during the 1988-1989 program year.

On average, 73 percent of the students enrolled in the program successfully complete all requirements (Table 16). The completion rates range from 34 percent completions to 100 percent. One of the causes of the variability in completions is that some agencies perform individual make-up sessions to ensure that students meet the requirements while others perform fewer make-up sessions.

Virginia CARES. Virginia CARES was created to help ex-offenders in the transition from incarceration to life outside of prison and in this way help reduce recidivism. The program is divided into two components: pre-release and post-release. During FY 1988, the program provided pre-release services in 38 of the State's 43 prisons and post-release services in nine CAA service areas.

The six CAAs providing the pre-release component conducted an average of 17 workshops apiece during FY 1988. The number of workshops provided is necessarily related to the number of correctional facilities in the CAA's service area and the number of times that the facilities request services.

Successful completion of a workshop by a client involves attendance at all workshop sessions during the week and participation in the required exercises. The average rate of successful completion by enrollees is 99 percent (Table 16). Successful completion rates for individual programs ranged from 96 percent to 100 percent.

The post-release component of Virginia CARES provides a variety of services to people who have been released from prison. The ex-prisoners receive assistance with job searches, housing, transportation, family counseling, food and clothing, and other subsistence needs. Helping clients find and keep employment is one of the primary efforts of this component because of its known value in reducing recidivism.

For the nine Virginia CARES programs providing post-release services, the average placement rate was 46 percent (Table 16). Successful placement rates for individual programs ranged from 20 percent to 63 percent. Rate calculations were based on efforts to place new clients seeking employment for the period examined and did not include efforts to re-place clients from previous years. Several factors could contribute to this low placement rate, including stagnant local economies, lack of family support system for the client, and general unwillingness on the part of employers to hire ex-offenders.

In addition, local Virginia CARES programs were undergoing significant staffing changes during the data collection period for the study. Alexandria and Danville, which demonstrated the lowest placement rates, experienced particularly dramatic staff changes during the data collection period.

The overall effects of the Virginia CARES program could be more accurately demonstrated through a recidivism study comparing Virginia CARES clients to ex-offenders who did not participate in the program. Although a recidivism study

was not conducted as part of this study, the Department of Criminal Justice Services performed a recidivism study in 1985. This study did not find a statistically significant difference in the recidivism rates of ex-offenders who had received services from Virginia CARES as compared to those that had not.

However, the Virginia CARES program tends to serve clients whose demographic characteristics identify them as more likely to return to prison. Comparisons between clients used in the samples for the Department of Criminal Justice Services studies and clients of Virginia CARES revealed that Virginia CARES clients were more often single, had less education, had committed more serious crimes, and had been incarcerated longer than the sample of ex-offenders who had not received Virginia CARES services. Any recidivism study on Virginia CARES should ensure that client characteristics are closely matched.

*VACAA Weatherization Program.* The Virginia Weatherization Program provides a variety of weatherization services to the homes of low-income people, including prevention of air leakage and air infiltration, insulation and venting of attics, and installation of storm windows. Fourteen CAAs in the State directly provide the weatherization program.

The activity indicator selected for the weatherization program is the percentage of completed weatherization projects to the number of projects planned at the beginning of the fiscal year. Project goals are established by the agencies based on the amount of their anticipated allocation and the maximum program reimbursement amount of \$1600 per home. According to VACAA, the agencies are expected to complete 100 percent of the projects they plan to undertake.

CAAs providing the weatherization program completed an average of 110 percent of their planned projects (Table 16). The goal attainment ranged from 96 percent completions to 138 percent. Some agencies are able to surpass the 100 percent target because they undertake some projects which require lower cost services. Therefore, they have funding available to undertake more projects.

### **Appropriateness of CAA Programs**

The Omnibus Budget Reconciliation Act (OBRA) of 1981 directs that CSBG funds be used "to provide a range of services and activities having a measurable and potentially major impact on causes of poverty." The Act then outlines several specific types of activities for which funds should be used. CAAs generally appear to provide a wide range of services with particular emphasis on the types of activities mentioned in the Act.

*Range of Services.* Most CAAs provide a combination of programs designed to meet the multiple needs of low-income clients. This is consistent with the OBRA directive that CAAs provide a range of services for the low-income population. On

average, CAAs provide programs in approximately ten of the 14 program categories. One CAA provides programs in all 14 categories and four CAAs provide programs in 13 categories.

However, three agencies provide programs in fewer than one-half of the available program categories. These agencies are Danville (CIC), Stanardsville (GCCDAC), and Waverly (SSGIA). As discussed in Chapter V, restricted program offerings may indicate organizational difficulties for some of these agencies.

*Types of Programs.* The OBRA also specifies several types of programs that should be used to address the needs of the low-income population. According to OBRA, programs should be designed to assist low-income participants (including the elderly poor) to:

- secure and retain meaningful employment,
- attain an adequate education,
- obtain and maintain adequate housing and a suitable living environment,
- obtain emergency assistance,
- remove obstacles and solve problems which block the achievement of self-sufficiency,
- achieve greater participation in the affairs of the community.

Overall, the CAAs are providing these kinds of programs. Table 17 shows the number of CAAs providing programs in each category.

### **Avoidance of Duplication**

There are various types and definitions of duplication. The examination of duplication in this study focused on program duplication. Programs were considered duplicative if (1) more than one organization provided the same program, (2) programs had similar eligibility requirements that would permit the same client to be served, and (3) the programs operated in the same local governmental jurisdiction.

Assessment in this area indicates that some duplication does occur. However, factors such as demand for services and geographic considerations indicate that some of the duplicative services may be justifiable.

A case study approach was employed to assess if programs of CAAs and governmental human service agencies were duplicative. The programs offered by five CAAs were compared to the services provided by the eight localities served by these CAAs.

The case study assessment identified five CAA programs which duplicate those of other governmental agencies (Exhibit 3). However, demand for these services may warrant the existence of some of the programs as the following example illustrates.

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Table 17

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**Relationship of  
CAA Program Categories to OBRA Specifications  
and Number of CAAs Providing Programs**

| <u>OBRA Specification</u>   | <u>CAA Program Categories</u>      | <u>Number of<br/>CAAs</u> |
|---|------------------------------------|---------------------------|
| To secure and retain meaningful employment.   | Employment                         | 21                        |
| To attain an adequate education.  | Education                          | 26                        |
| To obtain and maintain adequate housing and a suitable living environment.              | Energy                             | 19                        |
|   | Housing                            | 20                        |
|   | Water/Wastewater                   | 20                        |
| To obtain emergency assistance.   | Emergency Services                 | 26                        |
| To remove obstacles and solve problems which block the achievement of self-sufficiency. | Elderly Services                   | 21                        |
|   | Ex-Offender Services               | 12                        |
|   | Health                             | 13                        |
|   | Nutrition                          | 19                        |
|   | Transportation                     | 24                        |
| To achieve greater participation in the affairs of the community.                       | Community and Economic Development | 14                        |
|   | Community Organization             | 24                        |

Sources: Omnibus Budget Reconciliation Act of 1981, Subtitle B — Community Services Block Grant Program; staff telephone interviews with CAA directors, July-August 1987; JLARC CAA mail survey, July 1988.

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*Gate City (RADA), Mountain Empire Older Citizens, and Scott County Department of Social Services (DSS) all provide a chore-worker program in Scott County. The RADA and Mountain Empire Older Citizens programs have similar eligibility requirements. The DSS program has more stringent eligibility requirements. In all three of these programs a worker goes to the home of a low-income, incapacitated, elderly person and performs tasks such as laundry, cooking, and cleaning. Each program has a limited number of clients it can serve. The directors of each of the programs are aware of the other programs. Scott County DSS, Mountain Empire Older Citizens, and RADA all stated that the three agencies coordinate activities to ensure that the clients served are not duplicative.*

Much of the apparent duplication between CAAs and other human service organizations occurs in emergency services programs. In many cases, these services are provided by small specialty organizations such as local churches, soup kitchens, and shelters that do not maintain client rosters or records. Therefore, the potential exists for some client duplication with emergency service programs.

The State Plan provides the federal government with an assurance that the State will coordinate and establish linkages with the public and private sectors to expand and improve service delivery to low-income people. In detailing how the State will achieve this assurance, the Plan states that "local Community Action Agencies are responsible for establishing linkages with other local human service agencies and units of government."

All 27 CAAs indicate that they coordinate their services with other service providers in their localities. CAA staffs mentioned four ways in which this coordination is assured. Fifteen CAAs had individuals serving on their boards who also serve on boards of other human services organizations. Fourteen CAAs maintain an ongoing referral system to informally refer clients among the agencies in the locality. Seven CAAs have reciprocal service agreements to accept referred clients for specific programs. Finally, eight CAAs have staff who belong to organizations of human service providers in their localities. These organizations meet on a regular basis to discuss each provider's current activities, as the following example illustrates.

*The Community Alliance and Resource Team (CART) is a membership organization in Scott County for human service organizations. Some examples of agencies that belong to this organization are the local Health Department, the local Department of Social Services, the public school system, the Dunganon Development Corporation, and Gate City (RADA).*

*The CART attempts to bring human service organizations in the locality into a working relationship. Members of this network meet monthly to discuss issues and problems affecting Scott County citi-*

## Duplicative Programs Identified in Case Study Localities

| <u>Duplicative Program</u>  | <u>Agencies Providing Duplicative Program</u>                | <u>Location</u>                               | <u>Eligibility Requirements For Program</u>  | <u>CAA Stated Rationale For Maintaining Duplicative Program</u>   |
|---|--|---|--|---|
| Emergency Services:<br>Prevent Utility<br>Shut Off/Fuel<br>Assistance         | Greene County<br>Community Development<br>Advisory Committee | Greene County                                 | Client has income of 125 percent<br>or less of federal poverty<br>guideline  | GCCDAC coordinates with<br>the Greene County Department<br>of Social Services to ensure that<br>same clients are not served by<br>both programs |
|   | Greene County<br>Department of Social Services               | Greene County                                 | Client has income of 125 percent<br>or less of federal poverty<br>guideline  |   |
| Emergency Services:<br>Prevent Utility<br>Shut Off/Fuel<br>Assistance, Food   | Halifax County<br>Community Action<br>Agency                 | Halifax County<br>and City of<br>South Boston | Client has income of less than 130<br>percent of federal poverty guideline;*<br>agency targets those clients on fixed<br>incomes and those at or below 100 percent<br>of federal poverty guideline | HCCAA coordinates with other<br>service providers in the area   |
| Prevent Utility<br>Shut Off/Fuel<br>Assistance, Food                          | Lake Country<br>Commission on<br>Aging                       | Halifax County<br>and City of<br>South Boston | Client is at least 60 years of age<br>and has income of 125 percent or<br>less of federal poverty guideline  |   |
| Prevent Utility<br>Shut Off/Fuel<br>Assistance                                | Halifax County<br>Department of<br>Social Services           | Halifax County<br>and City of<br>South Boston | Client can have maximum income of<br>150 percent of federal poverty guideline<br>depending on size of household,<br>benefit level, and locality of residence                                       |   |
| Emergency Services:<br>Prevent Utility<br>Shut Off, Food,<br>Prevent Eviction | Newport News Office<br>of Human Affairs                      | Hampton                                       | Client has income of 100 percent or<br>less of federal poverty guideline   | NNOHA coordinates with the<br>Hampton DSS to ensure that<br>same clients are not served by<br>both programs                                     |
|   | Hampton Department<br>of Social Services                     | Hampton                                       | Client has income of 50 percent or<br>less of State median income  |   |

\*Funding guideline for this program established eligibility at 130 percent of federal poverty guideline.

(continued on next page)

**Exhibit 3 (continued)**

| <u>Duplicative Program</u>       | <u>Agencies Providing Duplicative Program</u> | <u>Location</u> | <u>Eligibility Requirements For Program</u>   | <u>CAA Stated Rationale For Maintaining Duplicative Program</u>  |
|----------------------------------|---|-----------------|---|--|
| Choreworkers Program             | Rural Areas Development Association           | Scott County    | Client has income of 125 percent or less of federal poverty guideline and has statement from physician documenting health problem; agency targets elderly and handicapped | All three agencies coordinate their choreworkers programs to ensure that same clients are not served by more than one of the programs; great demand for service in area                        |
|                                  | Scott County Department of Social Services    | Scott County    | Client is recipient of SSI and is at least 60 years of age  |  |
|                                  | Mountain Empire Older Citizens                | Scott County    | Client is at least 60 years of age and is not eligible for Medicaid   |  |
| Blood Pressure Screening Clinics | Rural Areas Development Association           | Scott County    | No eligibility requirements   | RADA clinics are set up at local post offices and libraries - they are mobile units; Health Department has only a single location for the clinics; RADA clinics are used for outreach purposes |
|                                  | Scott and Wise Counties Department of Health  | Scott County    | No eligibility requirements   |  |

Source: Telephone interviews with local social service agency directors, September - October 1988; JLARC CAA mail survey, July 1988; and CAA director interviews, August 1988.

*zens and to look for ways to resolve the identified problems. Programs offered by each agency, and the eligibility requirements for participation, are discussed. In this way the agencies coordinate their service efforts and seek to avoid duplicating services.*

### **Implications of this Assessment**

Every community action agency can show examples of successful projects. This review went beyond a case example approach and performed a more system-focused assessment of program performance. Although this review was not comprehensive, the results do provide an indication of system-wide performance.

In general, programs were found to be in line with community action objectives. However, there is considerable variation in CAA program offerings, and all CAAs do not perform equally well. Additional variation, in terms of program administration and organization, is discussed in the following chapters of this report.

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## **IV. Oversight and Accountability**

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One of the primary roles the State performs regarding community action is that of overseeing the operations of community action agencies (CAAs) and programs. The Virginia Department of Social Services (DSS), which is the principal agency responsible for CAA oversight activities, makes assurances to the federal government that monitoring activities are being performed.

The department has limited staff resources committed to overseeing community action agencies. Therefore, it is essential that a clearly-defined oversight strategy be in place to make the best use of these resources. The department needs to define the State's oversight role and develop a more objective and systematic approach to monitor CAAs.

The DSS does not perform thorough on-site CAA monitoring or complete document reviews of materials submitted by the CAAs. In addition, there is no coordination of monitoring efforts between the DSS and other State agencies responsible for overseeing particular CAA programs. A comparison of the Virginia community action system to community action systems in other southeastern states indicates that Virginia monitors CAAs less frequently than these other states. This practice appears inappropriate given that Virginia contributes more State funds to its community action agencies than do other states.

Problems affecting the accountability of several CAAs indicate the need for modified practices on the part of these CAAs and improved oversight by DSS. Eleven CAAs are operating on-going programs without eligibility requirements. At least three programs provide services to clients that are not State residents. These practices increase the risk that funds intended to benefit the Virginia low-income population are not being directed to appropriate clients.

In addition, records maintenance practices of 13 CAAs are not adequate to accurately determine the number of clients they serve and the services provided to those clients. This limits the ability of CAAs to plan agency activities, allocate agency resources, and assess agency performance.

### **STATE OVERSIGHT**

Oversight of community action at the State level has been minimal. The Department of Social Services has made assurances to the federal government regarding monitoring which are not being fulfilled. The level of monitoring of community action statewide organizations by other State agencies also varies. Further, there is no coordination of monitoring efforts between State agencies. The

results of statewide organization monitoring by the other State agencies are not communicated to the Department of Social Services.

Virginia's community action system was compared to community action systems in other southeastern states. The comparison revealed that Virginia contributes more State money to community action than any of the southeastern states. However, Virginia monitors its community action agencies less than any of these other states.

DSS has had two staff members (one professional and one clerical) assigned to the Office of Community Services. An additional staff member will be added soon. To ensure that full benefit is derived from these staff resources, the State oversight function should be strengthened by: (a) developing an oversight strategy and priorities for the Office of Community Services, (b) establishing systematic procedures for evaluating community action programs, and (c) improving communication and coordination among the State agencies funding CAAs.

#### **Oversight of CAAs by the Department of Social Services**

There are two components of CAA monitoring conducted by the Office of Community Services (OCS): on-site monitoring of each CAA at least one time per year, and review of documents submitted by the community action agencies. DSS oversight through both components has been minimal. However, DSS is submitting assurances to the federal government that oversight procedures are being carried out (Exhibit 4).

*On-Site Monitoring Visits.* Regular, on-site visits are an important way for OCS to communicate the State's interest in CAAs and to collect valuable information on program operations. From October 1987 through August 1988, 15 of the 27 CAAs received an on-site visit from the newly appointed director of OCS. These visits consisted primarily of touring the service area, viewing selected programs, meeting local officials, and occasionally meeting members of the boards. According to the director of OCS, these visits were "not formal monitoring visits," but served to orient the director to the poverty problems in the various localities throughout the State. Seven agency directors reported that they had received repeat visits. Directors of 12 agencies reported they had not been visited by the current director by August 1988.

None of the agencies received written feedback from the visits. Only two agencies reported receiving verbal feedback on recommended improvements.

Monitoring of CAAs during FY 1988 was particularly important. Due to the illness of the prior director, the Office of Community Services ostensibly had not been staffed for 18 months prior to the hiring of the current director. Therefore, the majority of CAAs have not received on-site monitoring for well over two years. Further, agencies had been appropriated and were using non-program designated funding from the General Assembly for the first time that year.

**Assurances Provided to the  
U.S. Department of Health and Human Services  
Concerning Responsibilities of the Department of  
Social Services**

1. The Virginia General Assembly will conduct a public hearing. The Department of Social Services will provide opportunities for public inspection and review of the State Plan.
2. The Department of Social Services will ensure the proper targeting of resources for eligible services and participants through an established procedure for review of local planning procedures and program applications, monitoring of program operations, quarterly reporting by CAAs, and on-site visitation.
3. The Department of Social Services will provide coordination and linkages with other programs such as Low-Income Home Energy Assistance, Weatherization and State Neighborhood Assistance. In addition, the Department will participate in the development of new initiatives to meet the needs of the poor to assure coordination of efforts.
4. The Department will disburse 90 percent of the CSBG allocation to local community action agencies.
5. The Commonwealth will retain up to five percent of the CSBG for State administrative costs of the program. However, a portion of the five percent (portion not specified) will be used to support newly established CAAs in previously unserved areas.
6. The composition of the boards of directors of all private nonprofit grantees receiving funds under CSBG will be consistent with Section 675(c)(3) of the Federal Code. This will be checked through document submissions by local CAAs and as part of the monitoring process.
7. At least five percent of the CSBG will be used to support community action statewide organizations.
8. DSS prohibits the use of grant funds for political and voter registration activities.
9. DSS will monitor each local CAA's accounting and fiscal control systems. Each CAA is required to submit an annual audit to DSS. DSS will review and make recommendations for strengthening the financial management practices used by grantees.
10. The Department of Social Services will have an annual audit conducted by the Auditor of Public Accounts.
11. DSS and the local community action agencies will cooperate with any federal investigation.
12. The State ensures equal access to employment and services funded totally or in part by CSBG.
13. DSS will give proper notice, as outlined in State and Federal Code to agencies whose funding is being terminated for cause.
14. DSS will follow the policy outlined in the Community Action Act when a locality wishes to incorporate a community action agency in a previously "uncapped" area. Funds for this expansion will initially be budgeted from the State administrative funds.

Source: State Plan for October 1, 1987, to September 30, 1988.

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Document Reviews. Documents submitted by the CAAs to the OCS receive only a cursory review. In addition, there is no mechanism for formal feedback on the forms that are submitted by the CAAs. Lack of adequate staff resources was cited by the OCS director as the primary reason for OCS' inability to systematically review application and monitoring documents submitted by the CAAs. OCS is currently in the process of filling an additional professional staff position for the office. The OCS director reported that one of the duties of the new position will be to more thoroughly review the documents submitted by the CAAs. However, instruments must still be designed and procedures established to perform this review.

State rules and regulations for the CSBG require that the contracting agencies submit two documents to OCS as part of the application process: (1) the planning process outline and (2) the annual program and budget plan. The agencies are also required to provide OCS with quarterly financial and program reports as part of the monitoring process. The reports summarize the financial condition of the agencies and the progress they have made toward achieving the goals stated in the annual plan.

However, JLARC staff interviews with representatives of OCS and the CAAs revealed that application documents and quarterly reports are not being thoroughly reviewed by OCS staff. According to the OCS director, only a "spot check" of these documents is performed. The administrative assistant is responsible for "flagging" any reports which appear to contain "questionable expenditures." No written policy exists to define which expenditures are considered questionable. As discussed in Chapter II, the U.S. Department of Health and Human Services has also been critical of OCS in this area.

The review of application, planning, and monitoring documents is a critical component of State oversight responsibilities, particularly in the preliminary stages of the application and planning processes. The review of these documents provides the opportunity to examine the appropriateness of CAA goals and service mixes. Failure to review these documents could result in the implementation of programs that may not be appropriate for particular CAAs or their service areas. More importantly, review of these documents is one of the methods listed in the State Plan by which DSS assures the federal government that the State is complying with the CSBG requirements.

The provision of feedback is the other important component lacking in the current process. The initial stages of the planning and application process are the only opportunities for the State to formally provide the agencies with input and guidance. In-depth examination of the documents may highlight areas in which the CAAs need technical assistance from OCS. Intervention during the initial stages of the planning process could prevent the development of problems later in the program year when options for solving the problems could be limited.

OCS must ensure that responsibilities as stated in §2.1-590 of the *Code of Virginia* are carried out and that assurances made by the State to the federal

government are achieved. To do so, OCS should develop formal, systematic procedures for evaluating CAA program operations and financial management, both through on-site monitoring and through review of submitted documents.

***Recommendation (7).*** The Commissioner of the Department of Social Services should direct OCS to develop an oversight policy and make systematic monitoring of CAAs a priority. The Commissioner may wish to designate a team of DSS professionals to assist in this task. The team should develop formal procedures for evaluating community action program operations and financial management. The procedures should address document reviews as well as on-site monitoring visits. The procedures should also state the criteria by which community action agencies are to be evaluated and reflect criteria outlined in the CSBG State Plan. In addition, OCS should detail how each criterion is to be measured. Written feedback should be provided to the agencies on an annual basis detailing whether each criterion was met and how agency operations should be improved.

### **Oversight of Community Action Statewide Organizations by State Agencies**

The DSS is responsible for monitoring the Virginia Weatherization Program administered by the Virginia Association of Community Action Agencies. The remaining three statewide organizations are to be monitored by their primary funding agency. The Department of Housing and Community Development, the Department of Education, and the Department of Criminal Justice Services provide funding and are responsible for monitoring the Virginia Water Project, Project Discovery, and Virginia CARES, respectively.

State agency oversight of the community action statewide organizations varies from minimal monitoring by the Department of Social Services to regular on-site reviews by the Department of Education (Table 18). Only one State agency maintains written procedures for evaluating the programs it funds.

Further, there is no coordination between DSS and the other State agencies regarding the monitoring and funding of community action statewide organizations. DSS receives no results of monitoring conducted by the other State agencies. This inhibits OCS's oversight capacity as well as its ability to carry out its statutorily mandated responsibility for coordination of State activities to reduce poverty.

To avoid duplicating monitoring efforts, primary monitoring of the Virginia Water Project, Project Discovery, and Virginia CARES should remain the responsibility of the respective State agency which distributes the majority of funds for the program. These State agencies should submit monitoring results to the Department of Social Services, however.

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Table 18

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## Monitoring of Community Action Statewide Organizations by State Agencies

| <u>Community Action<br/>Statewide<br/>Organization</u> | <u>State Agency<br/>Responsible For<br/>Monitoring</u> | <u>Monitoring Conducted<br/>By State Agency</u>   |
|--|--|---|
| Weatherization<br>(VACAA)                              | Department of Social<br>Services                       | <ul style="list-style-type: none"> <li>• requires submission of monthly reports detailing expenditures</li> <li>• requires submission of quarterly reports detailing program activities and current financial status</li> </ul>   |
| Virginia Water<br>Project                              | Department of Housing and<br>Community Development     | <ul style="list-style-type: none"> <li>• requires submission of quarterly and annual reports detailing program activities and expenditures</li> <li>• requires submission of copy of acceptance letters for all grants approved by VWP for water/wastewater activities</li> </ul>   |
| Project Discovery                                      | Department of Education                                | <ul style="list-style-type: none"> <li>• requires submission of quarterly reports detailing program activities and expenditures</li> <li>• on-site monitoring of every local program once a year; monitoring visits include:               <ol style="list-style-type: none"> <li>(1) interviews with CAA director, Project Discovery coordinator, representatives of local public schools, board members, and</li> <li>(2) attendance at a Project Discovery work shop (if possible)</li> </ol> </li> </ul>  |
| Virginia CARES   | Department of Criminal<br>Justice Services             | <ul style="list-style-type: none"> <li>• requires submission of quarterly reports detailing program activities and expenditures</li> <li>• on-site monitoring of central administration office and two Virginia CARES subcontractors (local CAAs); monitoring visits include:               <ol style="list-style-type: none"> <li>(1) verification of the number of clients reported served and expenses incurred,</li> <li>(2) determination of compliance with State and federal requirements regarding financial recordkeeping,</li> <li>(3) contact with clients and local Probation and Parole officers (not performed during every site visit), and</li> <li>(4) interview with Virginia CARES executive director to discuss program activities and to offer technical assistance</li> </ol> </li> <li>• attendance at staff training and some board meetings</li> </ul> |

Source: Telephone interviews with State agency monitors and community action statewide organization directors, September 1988.

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***Recommendation (8).*** The Department of Social Services, the Department of Criminal Justice Services, the Department of Education, and the Department of Housing and Community Development should continue to monitor the respective community action statewide organization which each funds. Each agency should establish written procedures for monitoring activities, and monitoring should be required at least annually. DSS should establish agreements with the Departments of Criminal Justice Services, Education, and Housing and Community Development to receive copies of all monitoring reports.

DSS should also prepare and submit biennially a report to the Secretary of Health and Human Resources summarizing the status of all community action programs funded by State agencies. The report should include each CAA's success or lack of success in achieving its stated program objectives.

### **Oversight in Other Southeastern States**

All CSBG directors in the other southeastern states reported performing more monitoring than occurred in Virginia in FY 1988. Most of the southeastern states conduct on-site monitoring of each CAA at least twice per year (Table 19). All of the other states reported conducting at least one on-site monitoring visit to each CAA per year. Virginia's formal policy is to conduct on-site monitoring visits annually. In actual practice, however, only 15 of Virginia's 27 CAAs received visits from the OCS director from October 1987 through August 1988.

As explained in Chapter II, the other southeastern states appropriated varying amounts of money to their CAAs in FY 1988 — from no money to \$986,000. Even though Virginia allocates more State funds to community action than any other southeastern state, it has the fewest total professional staff assigned to monitor the agencies. The other southeastern states have assigned from .25 to 2.5 full-time equivalent (FTE) positions to CSBG functions. In addition, these positions are augmented with additional part-time personnel to conduct field monitoring in all states but Virginia. Staffing limitations may be part of the reason systematic monitoring of community action agencies is lacking in Virginia.

The Department of Social Services may wish to consider using monitoring staff from other offices within the Department to supplement OCS monitoring staff. Such action should be consistent with the department's overall strategy for strengthening its oversight of CAAs. Analysis indicates that the administrative portion of the CSBG was underspent in FY 1988. Some of these funds could be used to compensate other monitoring staff for time spent monitoring community action agencies.

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Table 19

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**Monitoring of Community Action Agencies  
in the Southeastern States  
FY 1988**

| <u>State</u>   | <u>Frequency of<br/>On-Site Monitoring<br/>for Each CAA</u> | <u>Size of CSBG<br/>Professional<br/>Staff (FTE)</u> | <u>Additional<br/>Monitoring<br/>Personnel</u> |
|----------------|---|--|--|
| Alabama        | every week  | 2  | 6  |
| Florida        | 1 time/year   | 1  | 6  |
| Georgia        | 1 in-depth/year<br>1 field visit/quarter                    | 1.5  | 5*   |
| Kentucky       | 1 time/year   | .25  | 3*   |
| Louisiana      | 2 times/year  | 2.5  | 6  |
| Maryland       | 4 times/year  | 2  | 1*   |
| Mississippi    | 1 time/year   | 1  | 3  |
| North Carolina | 2 times/year  | 2  | 8  |
| South Carolina | 3 times/year  | 2.5  | 3  |
| Tennessee      | 1 to 4 times/year   | 1.75   | 14*  |
| Virginia       | 1 time/year   | 1  | 0  |
| West Virginia  | 2 times/year  | 1  | 1  |

\*Monitor CAAs part-time.

Source: Telephone interviews with CSBG coordinators, 1988.

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## COMMUNITY ACTION AGENCY ACCOUNTABILITY

The Virginia Community Action Act allows CAAs the flexibility to determine agency programs and objectives according to the needs of their service areas. The primary restriction is that programs and services are to be directed to the low-income population.

Because programs vary extensively, and funding to support program efforts primarily comes from outside sources, it is imperative that community action agencies be able to account for their activities. Problems which can affect accountability were identified in some agencies (Table 20).

It appears that the majority of community action programs are serving appropriate client groups and recognize the need to restrict eligibility to those individuals most in need. However, 11 CAAs provide some programs that have no income eligibility requirements at all. Therefore, it is difficult to determine the impact these programs are having on the low-income population and on reducing poverty overall.

The records maintenance practices of some CAAs further inhibit accurate reporting and accountability. Two problems were noted in the examination of CAA client records. First, the client records of some CAA programs are maintained in a manner which diminishes CAA ability to accurately report program activities or determine numbers and types of clients served. This could affect the CAAs' ability to compile reliable client data for program planning and assessment. Second, when client records are maintained, the clients' eligibility for services is often not documented by CAA staff.

### CAA Program Eligibility Requirements

The intent of community action is to develop opportunities for low-income persons to become self-sufficient. The Community Action Act defines a low-income person as one whose family income is at or below 125 percent of the federally recognized poverty guideline. The Department of Social Services gives assurances to the federal government in the State Plan that CAA programs are focused in this manner. On-site review of records maintained by CAAs indicated that most programs appear targeted to the low-income population.

However, two problems exist with the eligibility requirements of certain programs currently being offered by CAAs. First, 11 CAAs are offering programs that are not directed specifically to the low-income population because they are operating without eligibility requirements. Funding used for these programs reduces the amount of funding available for programs that directly benefit the low-income population.

**Table 20**  
**Community Action Agencies**  
**Exhibiting Accountability-Related Weaknesses**

| Agency                   | Income Eligibility<br>Requirements<br>Lacking<br>For Some Programs* | Non-State<br>Residents<br>Served | Problems With<br>Records<br>Maintenance<br>Practices | Client File<br>Contents<br>Incomplete* | Client Files<br>Non-Existent<br>For Certain<br>Programs* |
|--------------------------|---|----------------------------------|--|--|--|
| Abingdon (People)        |   |                                  |  |  |  |
| Alexandria (ADHS/DEO)    |   |                                  |  |  |  |
| Arlington (ACAP)         |   |                                  |  | X                                      |  |
| Charlottesville (MACAA)  |   |                                  |  |  |  |
| Chatham (PCCA)           |   |                                  | X  |  |  |
| Christiansburg (NRCA)    | X   |                                  |  |  |  |
| Cumberland (CPAC)        | X   |                                  | X  |  |  |
| Danville (CIC)           | X   | X                                |  | X                                      |  |
| Fairfax (FDCA)           |   |                                  |  |  |  |
| Galax (Rooftop)          | X   |                                  |  |  | X  |
| Gate City (RADA)         | X   |                                  | X  | X                                      | X  |
| Lynchburg (LCAG)         |   |                                  | X  | X                                      |  |
| Marion (MCAP)            | X   |                                  | X  |  |  |
| Newport News (NNOHA)     |   |                                  |  | X                                      |  |
| Norfolk (STOP)           | X   |                                  |  |  |  |
| Onancock (ESCDG)         |   |                                  | X  | X                                      |  |
| Powhatan (PGCAA)         |   |                                  | X  | X                                      |  |
| Providence Forge (QRACA) |   |                                  | X  | X                                      |  |
| Richmond (RCAP)          |   |                                  | X  | X                                      | X  |
| Roanoke (TAP)            | X   |                                  |  | X                                      |  |
| Rocky Mount (FCCAA)      |   |                                  |  | X                                      |  |
| South Boston (HCCA)      | X   | X                                | X  |  | X  |
| Stanardsville (GCCDAC)   | X   |                                  | X  | X                                      | X  |
| Tazewell (CVCA)          | X   | X                                | X  |  |  |
| Warrenton (FCAC)         |   |                                  |  | X                                      |  |
| Waverly (SSGIA)          |   |                                  | X  | X                                      |  |
| Williamsburg (WJCCCAA)   |   |                                  |  |  |  |

Note: X indicates agency weakness in this area.

\* Emergency shelter, soup kitchen, and public transportation programs were not included.

Source: On-site examination of CAA program and client records, August 1988.

Second, there is no uniform policy regarding the provision of services to non-Virginia residents. Certain CAA programs do provide services to non-Virginia residents. In most instances, funds provided for Virginia CAA programs should be used to serve Virginia residents.

CAA Programs Without Eligibility Requirements. JLARC staff found that 11 CAAs operated on-going programs which have no eligibility requirements. At least eight CAAs provide seasonal programs, such as holiday baskets and income tax assistance, without eligibility requirements. These programs were open to anyone, regardless of income.

Several different types of programs were found to be operating without eligibility criteria. These range from community and economic development programs to transportation programs.

Operation of these programs often results in costs being incurred by the CAAs. These costs reduce the amount of funds available to provide services directly benefitting the low-income population. Although programs without eligibility requirements may benefit the low-income population, CAA resources are also being used in these cases to provide services to clients who should not qualify for CAA programs.

Reasons cited by CAA staff for the lack of eligibility requirements also varied, as the following examples illustrate:

*The Self-Help and Resource Exchange (SHARE) is a nutrition program in which six CAAs participate, one of which is the central organizer. SHARE sells participants a monthly food package valued at \$25 to \$40 for a reduced cost (\$12.54, or \$12.00 if the participant uses food stamps to purchase the package). Participants are also required to pledge that they will perform two hours of community service work for each food package.*

*There are no eligibility requirements and no limit to the number of packages that can be ordered. The primary reason cited for allowing anyone to participate is so that food can be purchased in larger quantities, thereby reducing the costs of the package to participating individuals.*

\* \* \*

*Galax (Rooftop) operates a craft shop in its service area. Although low-income clients have first priority to sell their crafts, eligibility to participate in the program is not restricted. Galax staff stated that about one-half of the clients participating in the program are not low-income clients according to CSBG poverty guidelines.*

*However, they do not maintain records for program clients so they could not provide a more accurate estimate. The craft shop had to be supplemented with \$33,435 in CSBG funds.*

Other reasons cited for programs not having eligibility requirements include the desire to provide emergency services quickly without paperwork and the desire to serve clients who may slightly exceed 125 percent of the poverty income guideline. In addition, it was noted by CAA staff that it is impractical to require income verification for some of the large seasonal programs. However, the following example demonstrates how one CAA is able to accomplish verification for a seasonal program.

*Williamsburg (WJCCAA) operates a Christmas basket program that serves over 770 clients. This CAA maintains records of basket recipients with client names, addresses, and income verification. WJCCAA is among the smaller agencies in terms of staffing, with 22 full-time and four part-time staff.*

*The WJCCAA director stated that they used the effort as part of their outreach efforts. The program is provided as a coordinated effort with other social service organizations in the area.*

OCS staff should be assessing whether CAA resources are targeted to eligible programs and participants in conjunction with the review of planning and application documents. As mentioned earlier, this determination is being performed in a limited manner. Review of program appropriateness and eligibility requirements should be a particular focus of the overall review process.

Certain CAA programs may need to expand services beyond the low-income population in order to maintain services to the low-income. For example, some programs need a large volume of clients to make the program economically viable. To maintain the program for the low-income population, CAAs may need the participation of people with higher income levels. Individuals whose income exceeds the poverty income guidelines, however, should only be allowed to participate when the additional volume of service is needed to sustain the program. These above-income clients should be charged a higher fee for the service according to their added ability to pay.

**Recommendation (9).** As a high priority oversight objective in 1989, the DSS should review the programs of the agencies identified in this chapter as providing services without eligibility requirements. DSS should assist each agency in the development of procedures addressing services to non-low-income clients. In general, clients that do not qualify as low-income persons should be charged for services according to a sliding fee scale developed by the agency and reviewed by OCS. (Emergency shelters, public transportation, soup kitchens, and other programs where it is not reasonable to require eligibility requirements may be excepted).

CAA Programs Serving Non-State Residents. Programs provided by certain CAAs are regularly serving clients from neighboring states at a cost to the agencies. These programs also have no eligibility requirements. CAA staff report that the out-of-state residents were usually paying the same fee to use the programs as were the Virginia residents.

The following case example illustrates a program which regularly serves out-of-state residents:

*South Boston (HCCAA) operates a cannery as part of its service complement. HCCAA staff believe the service promotes self-sufficiency and household budgeting. There are no eligibility requirements to use the cannery. HCCAA staff maintain lists of the addresses of cannery users. Many people using the cannery are residents of North Carolina, which borders the HCCAA's service area.*

*HCCAA staff believe that the additional volume provided by the out-of-state residents is necessary to keep the cannery viable. Participants are allowed to use the cannery to can their goods for a charge of between 22 and 28 cents per can. The fees charged do not cover the total cost of operating the cannery. The CAA reported that in FY 1988 the cannery cost \$27,000 to operate. Fees for use generated \$5,000. This necessitated a \$22,000 subsidy, \$20,000 of which came from HCCAA's FY 1988 CSBG allocation.*

Some CAAs have taken steps to eliminate the provision of services to out-of-state clients, particularly when agency resources were being utilized to provide these services.

*Gate City (RADA) discontinued providing the Self-Help and Resource Exchange program to host providers in Tennessee. The RADA director stated that the primary reason he stopped providing the program through those hosts was because he believed that the program should focus its efforts on serving clients in the State.*

The primary emphasis for Virginia CAA programs should be to serve Virginia residents. However, two circumstances may warrant serving out-of-state residents. First, the practice of providing services to non-State residents may be unavoidable for certain types of emergency services provided by the CAAs. These would include emergency food, clothing, medical assistance, and temporary shelter. By nature, these services are generally provided to a transient population. Further, these services are often necessary for a client's immediate survival.

Second, CAA directors reported that some programs need the additional volume provided by out-of-state residents to sustain the program and, therefore, meet

the needs of the low-income population in Virginia. To avoid using public funds for services to out-of-state residents, the CAAs could charge these clients a slightly higher fee which would cover the administrative cost of providing these services. This fee should be in addition to any other fee required for participation in the program.

***Recommendation (10).*** The Department of Social Services should develop a uniform policy regarding the provision of community action agency services to non-Virginia residents. The policy should focus in part on those services which may be supported with State general funds. CAAs should operate in conformance with this policy.

### **CAA Records Maintenance**

While many CAAs maintain adequate records on the clients they serve, an examination of the recordkeeping practices of all CAAs identified two problems. First, 13 of the CAAs do not utilize adequate management procedures to document the clients served by the agency or differentiate their client files by program year. Second, when client files are maintained, complete documentation is not always contained in those files.

These problems need to be corrected in order to ensure that CAAs are indeed serving the low-income population in Virginia. Accurate client records would improve the ability of CAAs to compile reliable client data for internal program planning and assessment. Further, it would improve the accuracy of reporting program activities in terms of the total number of low-income people served by CAAs throughout Virginia.

***Records Management Procedures.*** The Department of Social Services requires CAAs to submit in the CSBG quarterly and annual reports the total unduplicated number of clients served during each quarter and for the year. These reports are used to document the performance of each agency and the progress made in serving the low-income population in their service areas. In addition, the reports are useful for agency planning, resource allocation, and program assessment.

Fourteen CAAs have records management procedures in place, either manual or automated, which allow the agencies to accurately identify the clients they served in FY 1988. However, 13 CAAs were unable to substantiate through agency records the total number of clients they reported serving.

Generally, the CAAs that were unable to substantiate the number of clients served have no system for the tracking of clients between programs. Records that are maintained are kept by discrete program areas, and no mechanism exists to assess how many clients may be receiving multiple services. (Serving multiple client needs through a range of programs is a stated emphasis of CAAs.) Although discrete program records may be useful for individual program directors, this type of recordkeep-

ing makes it very difficult to assess the overall impact of the agency on individual clients, families, and the localities served by the agency.

*Richmond (RCAP) has no centralized client record system in place. Each program director is responsible for keeping track of the program's clients. There is no agency standard for what should be maintained in each client file. As a result, the thoroughness of the file contents varies by program. Further, there is no system to track clients in the agency to determine which clients receive multiple services.*

*Consequently, the agency was not able to determine an accurate figure for the total unduplicated number of clients served by the agency. The agency director reported that the total unduplicated number of clients served for FY 1988 could not be accurately determined without the implementation of an automated system. Numbers submitted on CSBG reports are estimates. The estimates could not be validated.*

On-site file reviews also revealed that at least seven CAAs do not separate client files by program or fiscal year. Further, the open and closed cases are not filed separately. It was these agencies, in part, which were unable to document an accurate count of the total unduplicated number of clients served during the last program or fiscal year.

*Waverly (SSGIA) maintains client files for several programs in one filing cabinet. These files include clients from 1982 through 1988. Each of the 355 files must be examined to determine which clients are still being served by the agency. The CAA was only able to report an estimate of the total unduplicated number of clients served in the latest program or fiscal year.*

By maintaining client files from several years together, and not distinguishing files by closed or open status, the likelihood of providing the Department of Social Services and the federal government with inaccurate information is increased. In addition, it is difficult to accurately assess annual program activities. Accumulating the information necessary would involve reviewing every client file in order to simply determine whether the client has been served in the current program year.

CAAs which have centralized records management procedures use a variety of manual and automated methods to account for clients, as the following examples illustrate:

*Newport News (NNOHA) uses a manual card system to keep track of clients. A unique identifier number and index card are assigned by central intake staff to each person who comes to the agency for*

*services. The index card lists the person's name, identifier number, current fiscal year as well as previous years in which the client received services, services provided, and the number of dependents. Program directors are required to submit to central records a listing of the clients served during the previous month. The cards are then updated monthly. The cards are maintained separately for each fiscal year.*

\* \* \*

*Christiansburg (NRCA) maintains both manual and automated centralized client records. Each time a client comes to the agency for a new service, a form is filled out. This form contains information on household members, housing, income, and monthly expenses. In addition, any action that is taken, such as provision of services by NRCA or referrals to other social service organizations, is reported on this form. A manual or "hard copy" file is maintained for each person that comes to the agency.*

*The information from the forms is entered onto the agency's computer. The client's computer file contains all the background information collected as well as every contact with or service provided to the client. Christiansburg maintains the client files for the current fiscal year on the computer. Client information from previous fiscal years is stored on floppy disks. Manual files are maintained as back-up documentation for clients and for quicker access to client histories.*

Through these various procedures, some CAAs are able to track clients throughout the agency. Accurate records of the services received by each client can be obtained more easily and overall performance of the agency in addressing the total needs of clients can be assessed. In addition, for planning and resource allocation purposes, these types of records can help in determining which programs are more needed. Finally, the information can be used to develop profiles of the service needs of the client population.

**Recommendation (11).** The Department of Social Services should assemble a team of CAA administrative personnel to develop practical solutions to CAA records management problems. The team should develop records management procedures which allow agencies to accurately track the total unduplicated number of clients served, the types of services provided to each client, and the number of services provided for each client during a program or fiscal year. These records may be manual or automated. At a minimum, the records should contain the clients' names and the services received.

*Client Files.* Over 700 client files for 120 programs were examined during site visits to the community action agencies. This examination revealed that 14 agencies do not maintain complete files for all of their programs. Problems observed with the files included incomplete or nonexistent documentation of income verification and the services provided to clients. In addition, no client files are maintained for eight programs in five CAAs.

Of the 120 programs for which files were examined, the files for 33 programs either failed to completely document income eligibility verification or did not maintain records of the services provided to the client. When income was reported in a file, adequate documentation was often not included in the file to support the reported figures. Items that would provide adequate documentation include copies of paycheck stubs, copies of tax returns, or letters supporting entitlement amounts reported.

Similarly, client needs would be listed in files regarding services requested by the client or recommended by CAA staff. However, there would be no notation of whether or not services were provided to the client.

The client files of several programs were consistently thorough throughout the State. These programs document the services provided by the program to the clients and client eligibility information. Client files from the Virginia CARES, Project Discovery, Virginia Water Project, Job Training Partnership Act programs, and Head Start programs contained detailed information about the client's background, including verification of their eligibility for services. Further, the files contained details on the contacts made with CAA staff providing services to the client, the services the client received, and the general progress of the client. For example:

*A client file from the Cumberland (CPAC) Virginia CARES pre-release program included the following completed items: client enrollment form, program goal sheet, personal data worksheet, client history form, program evaluation, and a letter from CPAC pre-release staff to the Parole Board certifying that the client successfully completed the program. The file noted the client's release date, date for discretionary parole, and the crime that resulted in the client's incarceration. The file also noted that the client would be living with his mother when released.*

*A client file examined for the post-release program at CPAC contained detailed notes of 13 contacts with the client. The emphasis of the contacts was on personal counseling and encouragement for the client to pursue GED classes. The file noted that two home visits were attempted with the client. Although the client got a job soon after his release, the file documented that Virginia CARES staff continued to conduct follow-up activities approximately every six months.*

These programs are all closely monitored by their immediate funding source. Furthermore, proper recordkeeping procedures are generally covered as part of staff training for these programs.

Certain transportation services, soup kitchens, and commodities distribution programs lacked client information. Reasons cited for the lack of client files were similar to those cited for not having program eligibility requirements (for example, the desire to provide services quickly without paperwork). In addition, CAA directors stated that the volume and transient nature of the clients served in certain programs made maintaining files impractical.

In some instances it does not appear feasible to maintain client records. For example, it would be difficult or impossible to attempt to maintain individual client records for riders on a public transit system. However, client files should be maintained for most CAA programs. Accurate and complete records are necessary to demonstrate program compliance with the federal poverty guidelines.

***Recommendation (12).*** Community action agencies should maintain a client file on every person who receives a service from the agency. Due to the practical difficulty of maintaining files for certain types of programs, however, soup kitchens, emergency shelters, and public transportation programs should be exempted from this requirement. At a minimum, client files should include (1) a listing of the services provided to the client, (2) the date those services were provided, and (3) documentation verifying the eligibility of the client for the services. Department of Social Services staff should monitor community action agencies to ensure compliance with these minimum requirements.

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## V. Organizational Concerns

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Although State and federal laws establish some requirements regarding the way CAAs should be organized, CAAs have primary responsibility for structuring themselves to meet their service obligations and organizational needs. The State and federal requirements that are in place primarily relate to board structures and responsibilities.

Three organizational concerns were assessed as part of this review. These include organizational viability, board structures, and staff training provided through conferences conducted by the Virginia Association of Community Action Agencies (VACAA).

First, organizational factors such as services, local support, and funding patterns were assessed. This assessment indicates that two CAAs exhibit weaknesses that may limit their viability. Consolidation of these agencies with other nearby CAAs could possibly result in a wider range of services to low-income persons residing in these service areas.

Second, board of director compliance with statutory requirements was analyzed. The role of the board of directors in agency operations is detailed in the *Code of Virginia*. This analysis indicates there are problems with the composition of the boards of community action statewide organizations and some local CAAs. In addition, more training for board members in several CAAs is needed.

Third, VACAA sponsors five community action conferences each year. The frequency, content, and costs of these meetings were examined. The number of VACAA conferences appears excessive.

### CAA VIABILITY

A number of organizational factors were analyzed to assess the viability of each CAA—its demonstrated ability to grow and survive as an organizational entity. These factors included: (1) range and focus of services, (2) level and type of local support, and (3) funding patterns. These indicators help to assess an agency's ability to provide needed services to low-income persons and to attract and develop support, such as funding and community participation, necessary for continued operation.

CAAs generally appear viable, although 17 agencies display one or more organizational weaknesses (Table 21). Individual agencies may display one or more weaknesses without being limited in their overall viability. Technical assistance from the Office of Community Services (OCS) may be of assistance to some of these

Table 21

## Characteristics Related to Organizational Viability

| Agency                   | Limited Service<br>Range and Distribution |            |                | Limited<br>Local Support |      | Declining<br>Funds        |
|--------------------------|---|------------|----------------|--------------------------|------|---------------------------|
|                          | Range                                     | Low-income | Distribution * | Board                    | Cash | Lack of<br>Stable Funding |
| Abingdon (People)        |   |            |                |                          |      |                           |
| Alexandria (ADHS/DEO)    |   |            | X              | X                        |      |                           |
| Arlington (ACAP)         |   |            | X              |                          |      |                           |
| Charlottesville (MACAA)  |   |            |                | X                        |      |                           |
| Chatham (PCCA)           |   |            |                |                          |      |                           |
| Christiansburg (NRCA)    |   |            |                |                          |      |                           |
| Cumberland (CPAC)        |   |            |                |                          | X    |                           |
| Danville (CIC)           | X   | X          | X              |                          | X    | X                         |
| Fairfax (FDCA)           |   |            | X              |                          |      |                           |
| Galax (Rooftop)          |   |            |                |                          |      |                           |
| Gate City (RADA)         |   |            |                |                          | X    |                           |
| Lynchburg (LCAG)         |   |            |                | X                        | X    | X                         |
| Marion (MCAP)            |   |            |                |                          | X    |                           |
| Newport News (NNOHA)     |   |            |                |                          |      | X                         |
| Norfolk (STOP)           |   |            |                |                          |      |                           |
| Onancock (ESCDG)         |   |            |                |                          | X    |                           |
| Powhatan (PGCAA)         |   |            |                |                          |      |                           |
| Providence Forge (QRACA) |   |            |                |                          |      |                           |
| Richmond (RCAP)          |   |            | X              |                          |      | X                         |
| Roanoke (TAP)            |   |            |                |                          |      |                           |
| Rocky Mount (FCCAA)      |   |            | X              |                          | X    |                           |
| South Boston (HCCA)      |   |            |                |                          |      |                           |
| Stanardsville (GCCDAC)   | X   | X          | X              |                          | X    |                           |
| Tazewell (CVCA)          |   |            | X              |                          |      |                           |
| Warrenton (FCAC)         |   |            | X              |                          |      | X                         |
| Waverly (SSGIA)          | X   |            |                |                          | X    |                           |
| Williamsburg (WJCCCAA)   |   |            |                |                          |      |                           |

Note: X indicates agency limited in this area. Organizational viability is limited in those agencies with Xs in the majority of the categories.

\* Distribution is limited to full-service distribution.

Source: JLARC analysis of CAA director interviews, August 1988.

agencies. However, services to low-income citizens may be better provided if two community action agencies, Danville (CIC) and Stanardsville (GCCDAC), are consolidated with other existing agencies.

### **Limited Service Range and Distribution**

The mission of community action is to systematically address the multiple needs of low-income people. Federal statutes require community action agencies to provide a range of services and activities which address the causes of poverty. These services should be designed to help low-income people find employment, obtain an adequate education, make better use of available income, obtain and maintain adequate housing, obtain emergency assistance, remove obstacles to self-sufficiency, achieve greater participation in the community, and effectively use other programs.

*Elements for Assessing Service Levels.* There are three important elements for assessing CAA service levels. These elements include the range of services offered, whether services are targeted at low-income people, and the size of the service area.

Poverty has a number of causes and manifests itself in several ways. Therefore, a wide variety of services are necessary for agencies to address the multiple needs of the low-income person.

The community action mandate is that the services offered by CAAs should target low-income persons. Although some programs may also serve a higher income group, these services should not be offered more frequently or instead of those serving only low-income people.

Finally, the majority of the CAAs in the State serve more than one jurisdiction. Since their inception, one objective of community action agencies has been to cut across political jurisdictions to deliver services. By delivering services in several localities, agencies have generally been able to increase the number of low-income persons they serve and provide the wide range of services characteristic of community action.

*Findings.* The range and distribution of services typically characteristic of community action agencies was not found in some CAAs. Two agencies, Danville (CIC) and Stanardsville (GCCDAC), had weaknesses in all elements of this indicator.

Three agencies offer an extremely limited range of services. Waverly (SSGIA) offers four types of services. Danville (CIC) and Stanardsville (GCCDAC) offer five and six types of services, respectively. All other community action agencies were found to offer a wider variety of services. Galax (Rooftop) offers 14 different types of services, although seven to ten types of services are typical for most agencies.

Two agencies do not specifically target a large portion of their services toward low-income persons. For example,

*Danville (CIC) reported serving a total of 2425 clients during FY 1988. However, 73 percent (1774) of these clients received services for which low-income status was not a requirement and therefore was not determined. These services included adult basic education, assistance with filing income tax forms, Project SHARE, and a community garden.*

\* \* \*

*Stanardsville (GCCDAC) served a total of 486 clients in FY 1988. Almost one-third of these clients (152) received demand / response transportation services. However, this service is not limited to low-income persons. In fact, there are no income requirements to use this service.*

Nine agencies limit their full service areas to one jurisdiction. This is not necessarily a problem in itself if the need for services is great within one jurisdiction and the CAA is capable of rendering those services. This does not appear to be the case for two CAAs, Danville (CIC) and Stanardsville (GCCDAC). Both agencies have among the lowest number of services of all CAAs. Further, the current financial position of both agencies limits the possibility of providing additional services.

Agencies that offer limited services may do so because of factors such as budget size, or to avoid duplicating programs offered by other agencies. However, when agencies offer limited services within a constrained geographic area and many of those services do not require clients to be low-income, these agencies are making limited contributions to statewide efforts to address the causes of poverty.

### **Limited Local Support**

Federal and State statutes mandate the involvement and support of local actors in community action. For example, State statutes require private CAAs to have governing boards which are composed of representatives from three sectors of the community within the agency service area. These sectors include elected public officials, low-income people, and private business and other groups.

In addition, State CSBG Guidelines require agencies to develop a match for their CSBG funding. This support, either cash or in-kind services, must equal 20 percent of an agency's CSBG allocation. Some CAAs receive this match as cash funding from their local governments, others do not.

The majority of the State's community action agencies appear to have developed adequate local support. However, 11 CAAs have limitations in this area. Agencies without strong local involvement may not have the level of support necessary to remain effective in their service areas.

**Board Support.** One aspect of limited local support was demonstrated by lack of compliance with mandates concerning board composition. Three agencies — Alexandria (ADHS/DEO), Charlottesville (MACAA), and Lynchburg (LCAG) — had vacancies on their boards of directors. Several of these positions have been vacant for extended periods of time. The vacancies on these boards of directors may indicate lack of interest by both public officials and the low-income population.

**Local Government Cash Support.** Nine agencies did not receive cash support from local government general funds in FY 1988. These agencies were Cumberland (CPAC), Danville (CIC), Gate City (RADA), Lynchburg (LCAG), Marion (MCAP), Onancock (ESCDG), Rocky Mount (FCCAA), Stanardsville (GCCDAC), and Waverly (SSGIA).

All the agencies that did not receive cash support did receive some in-kind support from the local government or the private sector. However, six agencies — Danville (CIC), Gate City (RADA), Lynchburg (LCAG), Onancock (ESCDG), Stanardsville (GCCDAC), and Waverly (SSGIA) — had no local government cash support and reported little or no in-kind from their local governments. This indicates that local government support for these agencies is extremely limited.

### **Declining Funds**

Community action agencies support their service delivery efforts with funds raised from a number of sources. An agency's viability and consistency in service provision is directly influenced by its ability to attract and develop stable funding sources.

As discussed in Chapter II, overall CAA funding increased between FY 1983 and FY 1988. Statewide, the average funding change was an increase of about 40 percent in agency funding. Twenty-one CAAs increased their funding over this time period (Table 22). Ten of these 21 agencies had increases of over 100 percent. Five agencies had funding declines, three of which were over 20 percent.

Those agencies that have not successfully maintained their funding levels have had to reduce service levels and layoff staff to remain in operation. One agency was not included in this part of the analysis. South Boston (HCCA) did not report funding information for 1983 through 1986.

### **Agencies Demonstrating Numerous Limitations**

Sixteen CAAs demonstrated one or more organizational weaknesses. In some cases, especially those related to limited local support, these weaknesses might be amenable to increased technical assistance from the OCS. Such technical assistance should be focused on helping CAAs develop the local support mandated by State and federal laws.

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Table 22

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**Funding Status of Community Action Agencies  
FY 1983 to FY 1988**

Funds Increased

Abingdon (People)  
Alexandria (ADHS/DEO)  
Arlington (ACAP)  
Chatham (PCCA)  
Charlottesville (MACAA)  
Christiansburg (NRCA)  
Cumberland (CPAC)  
Fairfax (FDCA)  
Galax (Rooftop)  
Gate City (RADA)  
Marion (MCAP)  
Norfolk (STOP)  
Onancock (ESCDG)\*  
Providence Forge (QRACA)  
Powhatan (PGCAA)  
Rocky Mount (FCCAA)  
Roanoke (TAP)  
Stanardsville (GCCDAC)  
Tazewell (CVCA)  
Waverly (SSGIA)  
Williamsburg (WJCCCAA)

Funds Decreased

Danville (CIC)  
Lynchburg (LCAG)  
Newport News (NNOHA)  
Richmond (RCAP)  
Warrenton (FCAC)

\*Onancock (ESCDG) began operation in FY 1984.

Note: South Boston (HCCA) did not report funding information for this period and is not included in this analysis.

Source: JLARC CAA mail survey, July 1988.

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Danville (CIC) and Stanardsville (GCCDAC), however, each demonstrate a combination of multiple organizational weaknesses.

*Danville (CIC) demonstrates weaknesses in each of the three major assessment categories. First, the CIC provides full services only in the City of Danville which has a total population of approximately 54,400. CIC's service area is completely bounded by the Chatham (PCCA) service area, which provides services in Pittsylvania and*

*Henry counties and in the City of Martinsville. In addition, the CIC offers a limited range of services, several of which do not require that individuals must be low-income to be eligible for the services. Finally, local support for the agency appears limited, as Danville city officials have asked PCCA to provide six services in the city.*

*Stable funding has also been a problem for the CIC. The City of Danville contributes no local government funds to the CIC. According to the agency's director, the CIC has submitted funding requests to the City but these requests have been denied. The director at the CIC stated lack of local government funding places the agency in a precarious position. Staff layoffs and closing the agency for a portion of the year are real possibilities. However, the director has stated she is against consolidating her agency with another CAA.*

\* \* \*

*Stanardsville (GCCDAC) is a public CAA providing services in Greene County. Not only is the agency's service area limited, but it provides only four types of services to low-income residents. Meanwhile, another agency located in Charlottesville (MACAA), provides JTPA services to Greene County residents.*

*Despite its status as a public agency, the Greene County government contributes no money to the GCCDAC. In addition, it received no funds from private sources.*

**Recommendation (13).** DSS should work closely with Danville (CIC) and Stanardsville (GCCDAC) to determine if consolidation with other CAAs could enhance the provision of low-income services in those areas. Any actions concerning agency consolidation should be made pursuant to §2.1-597 of the *Code of Virginia*. Further, as part of the Department of Social Services oversight process, the Office of Community Services should regularly examine the organizational viability of all community action agencies.

## CAA BOARDS OF DIRECTORS

The administrative structure in each statewide organization and CAA consists of a community action board, an agency director, and staff. The importance of the board is highlighted by its statutorily defined role in community action. With the exception of public CAAs, community action boards exercise supervisory responsibility for agency decision-making and operation. Public CAAs are considered to be subdivisions of local government and are administered through the local governing

body. Public CAAs have advisory boards that exercise limited administrative responsibility.

Analysis of agency boards identified three issues. First, the composition of three of the four community action statewide organization boards should be altered. Second, three CAAs are out of compliance with State statute regarding the composition of their boards of directors. Third, more training should be provided to community action boards regarding the duties and functions of board members.

### **Community Action Statewide Organization Boards**

Under current State law, boards of directors for community action statewide organizations are allowed to be composed solely of community action agency representatives. In three of the four statewide boards this has reduced, if not eliminated, input from the low-income and public sectors.

The current composition of the boards of directors for statewide organizations is problematic for three reasons: (1) the boards are not in compliance with assurances being made to the federal government, (2) access to administrative decision-making is limited for low-income representatives and public officials, and (3) the current composition creates the appearance of a conflict of interest. Each of these problems could be eliminated if community action statewide organizations were to recompose their boards of directors to conform to the statutory requirements for CAA boards.

*Noncompliance with Federal Assurances.* Section 2.1-598 of the *Code of Virginia* specifies that at least five percent of the CSBG funds received by the State will go to support the activities conducted by the community action statewide organizations. In addition, as part of the State Plan, the Office of Community Services provides assurances that each nonprofit entity receiving CSBG funds maintains a board of directors composed of one-third public officials, at least one-third low-income representatives, and the remainder officials or members of private community groups.

However, §2.1-595 of the *Code of Virginia* specifies that boards of directors for community action statewide organizations should either conform to the requirements for CAA boards or be composed of representatives of community action agencies. During FY 1988, all four of the statewide organizations received CSBG funds. Currently, only the board for the Virginia Water Project (VWP) is composed of one-third public officials or their representatives, one-third low-income representatives, and one-third members of private community groups. The remaining statewide organization boards do not comply with federal requirements for community action boards (Table 23).

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Table 23

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**Composition of Community Action Statewide  
Organization Boards of Directors**

| <u>Statewide<br/>Organization</u> | <u>Number of<br/>Public<br/>Members</u> | <u>Number of<br/>Low-Income<br/>Members</u> | <u>Number of<br/>Private<br/>Members</u> |
|-----------------------------------|---|---|--|
| Project Discovery                 | 0                                       | 0   | 9*                                       |
| Virginia CARES                    | 4                                       | 1   | 16**                                     |
| VWP                               | 6                                       | 6   | 6*                                       |
| VACAA                             | 0                                       | 0   | 13*                                      |

\* CAA directors

\*\* 14 members are CAA directors

Source: Documents submitted by community action statewide organizations, 1988.

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*Limiting Broad Access to Decision-Making.* The absence or minimal representation by public officials and low-income representatives on community action statewide organization boards deprives these sectors of the community of a direct voice in the activities of the statewide organizations. This practice appears to be contrary to a central concept of community action — giving all sectors of the community which receive services a voice in the overall operation.

*Appearance of Conflict of Interest.* Boards of directors for community action statewide organizations make decisions regarding the distribution of resources to local agencies and projects. Investing CAA directors alone with the power to make such decisions when their own agencies are involved creates the potential for, and gives the appearance of, a conflict of interest.

**Recommendation (14).** The General Assembly may wish to amend §2.1-595 of the *Code of Virginia* to require that membership of community action statewide organization boards of directors conform to the membership requirements for community action agency boards.

**Local Community Action Agency Boards**

The *Code of Virginia* invests CAA boards with considerable power and responsibility. CAA boards are responsible for appointing the agency director;

approving agency grants, contracts, budgets, and policies; performing internal evaluations; and other duties.

Two problems were identified with some CAA boards. First, three agencies are out of compliance with State requirements regarding the composition of their boards of directors. Second, additional training for CAA boards appears to be needed.

*Composition of CAA Boards of Directors.* Section 2.1-591 of the *Code of Virginia* specifies that community action agency boards of directors include no less than 15 members. According to the Code, membership on CAA boards must consist of:

- one-third elected public officials or their designees, selected by the local governing body or bodies of the service area;
- at least one-third persons elected democratically to represent the poor in the service area;
- members of business, industry, labor, religious, social service, education, or other major community groups.

Three community action agencies — Alexandria (ADHS/DEO), Charlottesville (MACAA), and Lynchburg (LCAG) — were out of compliance with State mandates regarding composition of agency boards at the time of the JLARC site visit. In one agency the number of low-income board members did not equal the one-third required by State statute. In two other agencies the number of public officials did not equal the one-third required by State statute.

*The number of low-income representatives on the advisory board of Alexandria (ADHS/DEO) did not equal one-third of the board's size as of September 1988. The board chairman stated there were only two low-income representatives on the 18 member board in August 1988.*

*The agency director cited difficulties identifying low-income representatives from some low-income areas. These difficulties included constant displacement of low-income residents due to housing redevelopment.*

\* \* \*

*Two agencies reported public official vacancies on their boards. Lynchburg (LCAG), with a board size of 22 had eight seats reserved for public officials. However, one seat had never been filled, as the Bedford County Board of Supervisors had not appointed an elected official or designee. The director stated the agency board had decided to leave the seat vacant.*

*Charlottesville (MACAA), with a 30-member board, had ten seats reserved for public officials. However, only seven of the seats were filled as of September 1988. Two of these seats had been empty since summer 1987 and the third vacant since December 1987. The agency director stated the empty seats were for public officials in Nelson and Louisa counties. The director further stated that county officials often had so many other things to do that they did not quickly appoint new board representatives.*

State and federal statutes generally concur with regard to composition of agency boards. Both specify that at least one-third of the board should be low-income representatives.

However, State and federal statutes are not in accord regarding the one-third representation of public officials. Federal statutes allow some flexibility concerning the number of public officials where State statutes do not. Specifically, the federal Omnibus Budget Reconciliation Act of 1981 (OBRA) indicates that if the number of elected officials available and willing to serve on the agency board is less than one-third of the membership, then the number of public officials or their representatives on the board may be counted as meeting the one-third requirement. Although this distinction is relatively minor, if State statutes were amended to mirror federal law in this area, then agencies with less than one-third public officials would be in compliance with State law in this area.

***Recommendation (15).*** The Department of Social Services should monitor community action agencies to ensure that agencies with less than a one-third low-income representation comply with State and federal requirements concerning composition of community action boards.

***Recommendation (16).*** The General Assembly may wish to amend §2.1-591 of the *Code of Virginia* to make State provisions regarding membership of public officials on community action agency boards parallel federal statutes. The amended section would state "One-third of the members of the board shall be elected public officials or their designees, who shall be selected by the local governing body or bodies of the service area; except that if the number of elected officials reasonably available and willing to serve is less than one-third of the membership of the board, membership on the board of appointed public officials may be counted in meeting such one-third requirement."

***Duties and Responsibilities of Boards.*** CAA board members reported that they generally perform a variety of functions related to agency operations. Additional training for CAA boards appears needed, however, as board members do not appear to have a broad understanding of their duties and responsibilities.

Boards of directors are responsible for determining the general direction of community action agency operations. Section 2.1-591 of the *Code of Virginia* invests CAA boards with significant supervisory responsibilities, including:

- appointing and dismissing agency directors;
- approving agency grants, contracts, budgets, and operational policies;
- having an annual audit performed by an independent auditor;
- convening meetings and other opportunities for public comment upon policies and programs to reduce poverty;
- annually evaluating agency policies and programs and submitting the evaluation and recommendations to the DSS and to local governing bodies;
- carrying out other duties delegated by local governing bodies and the DSS.

A total of 75 board members were interviewed, including at least two board members in each CAA. Many of the board members did not demonstrate broad knowledge of their duties and responsibilities. For example:

*During an on-site interview, one low-income board representative stated that he did not reside in the area he represented. According to §2.1-591 of the Code of Virginia, board members must reside in the specific area of the community which the members represent. This board member stated further that he had not spoken with the members of the low-income community he represented, nor did he see any reason to interact with them directly. Instead, this board member stated he sent information regarding the board and the agency to local churches and let the pastors make announcements.*

Given the responsibilities mandated by the *Code of Virginia*, the role of the agency board is especially important for local CAAs. Adequate training, including board operating procedures and identification of their role, is important for board members to effectively carry out their duties. Most training by local agencies appears to consist of an orientation for new board members presented by the director. Additional training appears to be necessary for board members to develop a complete understanding of their duties and responsibilities.

**Recommendation (17).** The Department of Social Services should assess local CAA board training. DSS should assist in the development of board training programs and include a review of these programs during on-site monitoring visits.

## VACAA CONFERENCES

Five conferences are sponsored each year by the Virginia Association of Community Action Agencies (Table 24). As stated by the VACAA president, one of the major purposes of these conferences is staff training. However, analysis of VACAA conferences indicates that most sessions are related to CAA business.

While conferences are an acceptable way to exchange information and train professional staff, expenses associated with frequent VACAA conferences may represent a questionable expenditure of agency resources. CAAs use CSBG funds as well as other funds to pay for expenses. The frequency of VACAA conferences should be examined.

### Purposes and Content of Conferences

Analysis of five conferences, which were held between June 1987 and June 1988, indicated that 76 sessions were related to business. Twenty-five sessions were devoted to staff training and information.

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Table 24

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### VACAA Conferences Held in 1988

| <u>Conference Dates</u> | <u>Location</u> | <u>Number Attending*</u> |
|-------------------------|-----------------|--------------------------|
| January 26-29, 1988     | Richmond        | 100                      |
| April 26-29, 1988       | Williamsburg    | 128                      |
| June 5-9, 1988          | Virginia Beach  | 167                      |
| September 27-30, 1988   | Abingdon        | 87                       |
| November 15-18, 1988    | Roanoke         | 104**                    |

\* Includes non-CAA attendees and CAA board members.

\*\* Number pre-registered.

Source: Information provided by the Virginia Association of Community Action Agencies, November 1988.

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***Training and Information.*** Nineteen of the 25 staff training and information sessions were devoted to training. These sessions focused on topics which appeared to be essential to the conduct of participants' jobs and were specifically designed to enhance skill development.

Three of the 19 training sessions were for agency planners. Each community action statewide organization also sponsored day-long training workshops for CAA staff at some conferences. However, each statewide organization except Virginia Water Project (VWP) also offered additional training opportunities for CAA staff outside of VACAA conferences.

Six sessions were primarily informational. These sessions provided general information which appeared to be helpful to participants in fulfilling their job-related responsibilities, but did not appear to be essential in fulfilling their job-related responsibilities. These sessions served to update staff on topics such as hunger and nutrition and the State's Housing Partnership Revolving Loan Fund.

***Business.*** Apart from training, VACAA conferences appear to provide an opportunity for CAA directors to exchange ideas, conduct business meetings associated with community action statewide organizations, and discuss strategies related to funding and legislation. The majority of the sessions held during VACAA conferences were devoted to these types of CAA business.

Seventy-six of the 101 sessions held during VACAA conferences attended by JLARC staff were related to CAA and community action statewide organization business. Of these, 15 sessions were community action statewide organization board meetings, and 28 were committee meetings also associated with the statewide organizations.

Five of the 76 business sessions were related to legislative issues. In these sessions committee members discussed CAA funding, interaction with the DSS, and received information from VACAA's hired lobbyist on ways to affect legislation before the General Assembly. The remaining 28 business sessions focused on a variety of topics, including VACAA finance and administration, specific initiatives such as employment and training, and various other topics.

### **Cost and Frequency of VACAA Conferences**

Because they occur so frequently, the costs of two VACAA conferences were analyzed. Costs of the two most recent conferences, one held in June 1988 in Virginia Beach and another during September 1988 in Abingdon, were examined.

The total costs of the two conferences was over \$84,000 (Table 25). The analysis further indicated that the June conference cost over \$62,000 in hotel expenses, staff lodging, and travel. In addition, some costs for individual CAAs appear

Table 25

### Cost of Two VACAA Conferences by Funding Source June and September 1988

| <u>Local Community<br/>Action Agency</u> | <u>CSBG<br/>Funds</u> | <u>Statewide<br/>Organizations<sup>a</sup></u> | <u>Other<br/>Funds<sup>b</sup></u> | <u>Total<br/>Funds</u> |
|--|-----------------------|--|------------------------------------|------------------------|
| Abingdon (People)                        | \$ 605                | \$ 680   | \$ 0                               | \$1,285                |
| Alexandria (ADHS/DEO)                    | 1,056                 | 193  | 0                                  | 1,249                  |
| Arlington (ACAP)                         | 896                   | 1,436  | 237                                | 2,569                  |
| Charlottesville (MACAA)                  | 336                   | 146  | 302                                | 784                    |
| Chatham (PCCA)                           | 2,735                 | 1,919  | 1,950                              | 6,604                  |
| Christiansburg (NRCA)                    | 59                    | 0  | 0                                  | 59                     |
| Cumberland (CPAC)                        | 950                   | 1,778  | 766                                | 3,494                  |
| Danville (CIC)                           | 2,077                 | 665  | 0                                  | 2,742                  |
| Fairfax (FDCA)                           | 0                     | 0  | 0                                  | 0                      |
| Galax (Rooftop)                          | 0                     | 0  | 0                                  | 0                      |
| Gate City (RADA)                         | 656                   | 0  | 0                                  | 656                    |
| Lynchburg (LCAG)                         | 430                   | 1,109  | 0                                  | 1,539                  |
| Marion (MCAP)                            | 540                   | 0  | 0                                  | 540                    |
| Newport News (NNOHA)                     | 442                   | 0  | 0                                  | 442                    |
| Norfolk (STOP)                           | 1,333                 | 3,611  | 111                                | 5,055                  |
| Onancock (ESCDG)                         | 798                   | 5  | 191                                | 994 <sup>c</sup>       |
| Powhatan (PGCAA)                         | 938                   | 0  | 0                                  | 2,345                  |
| Providence Forge (QRACA)                 | 1,432                 | 0  | 0                                  | 1,432                  |
| Richmond (RCAP)                          | 322                   | 1,986  | 128                                | 2,436                  |
| Roanoke (TAP)                            | 2,649                 | 2,866  | 1,180                              | 6,695                  |
| Rocky Mount (FCCAA)                      | 2,289                 | 241  | 254                                | 2,784                  |
| South Boston (HCCA)                      | 0                     | 0  | 0                                  | 0                      |
| Stanardsville (GCCDAC)                   | 0                     | 0  | 0                                  | 0                      |
| Tazewell (CVCA)                          | 1,771                 | 198  | 573                                | 2,542                  |
| Warrenton (FCAC)                         | 182                   | 0  | 0                                  | 182                    |
| Waverly (SSGIA)                          | 0                     | 0  | 0                                  | 0                      |
| Williamsburg (WJCCCAA)                   | 482                   | 0  | 0                                  | 482                    |
| Community Action                         |                       |  |                                    |                        |
| <u>Statewide Organization</u>            |                       |  |                                    |                        |
| Project Discovery                        | 0                     | 1,521  | 0                                  | 1,521                  |
| VACAA                                    | 5,488                 | 11,030   | 0                                  | 16,518                 |
| Virginia CARES                           | 0                     | 5,173  | 0                                  | 5,173                  |
| VWP                                      | 0                     | 13,921   | 0                                  | 13,921                 |
| Other                                    | 0                     | 0  | 247                                | 247                    |
| <b>TOTALS<sup>d</sup></b>                | <b>\$28,466</b>       | <b>\$48,478</b>                                | <b>\$5,939</b>                     | <b>\$84,290</b>        |

\*Includes Project Discovery, VACAA, Virginia CARES, and VWP.

<sup>b</sup>Includes federal JTPA, Older Americans Act, and Head Start funds; State funds; and agency self-generated funds.

<sup>c</sup>Agency did not report breakdown of funding sources for June conference.

<sup>d</sup>Column subtotals do not equal total expenses because Powhatan (PGCAA) did not break down funding sources for June and September conferences separately.

Source: Virginia Association of Community Action Agencies, November 1988.

questionable. For example, according to Norfolk (STOP) fiscal personnel, \$1,619 was expended on lodging for STOP personnel attending the conference. Eleven STOP staff stayed at least one night in the conference hotel. This appears to be an unusual expenditure given that Norfolk is only 13 miles from Virginia Beach.

To a large degree, the costs of VACAA conferences are paid out of CSBG and community action statewide organization funds. For example, 34 percent (\$28,466) of the cost for the June and September 1988 VACAA conferences was paid for by CSBG funds.

Four CAA directors criticized the frequency and purpose of VACAA conferences. However, 17 directors indicated they personally found the conferences useful for the opportunity to exchange information with their peers. Further, they found conference time well spent as it allowed them to stay abreast of current State issues in community action.

In light of CAA concerns over funding support, the current number of VACAA conferences represents a questionable use of agency resources. CAA expenditures associated with five conferences each year may not demonstrate an efficient or effective allocation of public resources.

***Recommendation (18).*** VACAA should consider decreasing the number of CAA conferences held each year.

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## VI. State Considerations

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According to the 1980 census, 16.4 percent of Virginia's population have incomes which fall below 125 percent of the federal poverty level. The State operates and supports a vast array of programs directed toward the needs of this population. In recent years, the State has also been providing funding to community action.

Because community action programs are primarily implemented by non-governmental agencies, and because community action agencies will most likely be asking for increased funding in the future, consideration of the following points may be of value when making decisions regarding the State's role in community action. These considerations focus on:

- the nature of community action agencies,
- State oversight and CAA accountability,
- performance of community action agencies,
- cost savings and increasing local support for community action.

**Consideration 1: Community action agencies serve as advocates of the poor in their communities. The agencies are largely autonomous, flexible, and entrepreneurial.**

For the most part, community action agencies are nonprofit organizations outside the governmental structure. They represent an alternate social services structure which has been established at the local level to advocate for the poor and to provide for some of their needs.

Further, community action agencies are autonomous, flexible, and entrepreneurial. Most CAAs have fairly broad mission statements which allow them to address a wide range of needs that may be present in the community. Many also seek funding from multiple sources and can shift priorities and program efforts to accommodate directives or requirements which may be associated with funding received from those sources.

Because of the independent, flexible, and entrepreneurial nature of community action agencies, they may be especially useful for quick start-up, experimental, or pilot programs which might be difficult for the traditional social services structure to accomplish. Further, CAAs could contract with the State to provide a particular program or service for only as long as the need existed. This could be done without building State staffing levels or committing the State to future funding of the program.

**Consideration 2: The Department of Social Services needs to define a practical, independent oversight role for the State. Increased funding of community action agencies would require greater oversight and accountability.**

The concept of accountability is central to government and is an especially important consideration when funds are appropriated for use by entities outside the governmental structure. As discussed previously, State oversight of community action was found to be in need of improvement. Further, some local community action agencies experience difficulties which affect their accountability and ability to document services provided and clients served.

The State's role in community action has been partially defined by the federal government. The State is responsible for receiving and distributing the federal CSBG allocation. Further, the State must provide the federal government with assurances that the funds are being appropriately used.

The current oversight processes and procedures of the State require additional focus. As discussed in Chapter IV, the Office of Community Service (OCS) has not conducted formal on-site monitoring of CAAs in the past two years. The OCS director has visited a number of agencies to gain an orientation to the various poverty problems throughout the State. However, little feedback was given to agencies regarding these visits.

The OCS has no priorities or standard procedures to review the reports submitted quarterly by the CAAs. These problems were also noted in the federal audit of the CSBG program by the U.S. Department of Health and Human Services, conducted in April 1988. The audit states that:

A disproportionate burden for the implementation of the CSBG program seems to rest with the CAAs and the statewide community action organizations. ...This lack of review(s) that systematically assess compliance with CSBG rules weakens the management system.

Further, review of CAA records and files identified three primary problems. First, CAAs operate some programs which have no eligibility requirements. Second, records management procedures in almost one-half of the CAAs do not allow the agencies to accurately document the unduplicated number of clients they serve. Third, CAAs either do not maintain client files for certain programs or failed to fully document services received or clients' eligibility for services.

Accountability appears to be strongest for those programs and activities which have recordkeeping and reporting requirements prescribed by the funding source. This allows the funding entity to clearly document what has been accomplished with dollars expended. For example:

*Head Start requires the regular submission of Program Information Reports. These reports contain aggregate information on all children served, including demographic characteristics of the children enrolled in the program, the number of family needs assessments completed, and the number of parent volunteers. Information on all expenditures must also be reported.*

*In addition, certain information about each child must be maintained by each program. Review of Head Start client files indicated that the following information is generally contained in each child's file: Head Start application, certificate of income verification, parent permission slip for transportation and field trips, enrollment screening record, activity log, Model Family Needs Assessment, Carolina Developmental Profile, home visit reports, social worker sociological data summary, classroom observation report by mental health services worker, child health record, dental health record, speech and hearing report, and medical evaluation for special education services (if applicable).*

\* \* \*

*Virginia CARES requires the submission of a monthly report for programs providing pre-release services. The form requests information regarding demographic characteristics of the prisoners served, the number of workshops completed, the number of prisoners attending the workshops, length of the workshops, and any problems encountered during the month. In addition, Virginia CARES requires that each local program maintain client files which contain: client enrollment / research form, Privacy Act form, history form, self-image form, long term / short term goals, resume, release notification, evaluation, and contact schedule sheet(s).*

*Virginia CARES requires the monthly submission of two reports for local programs providing post-release services. First, local programs must submit the Post-Release Monthly Report, which requests information such as the services provided and number of client placements for the month. Second, the Ex-Prisoner Activity Report must be submitted. This form lists the names of all new enrollees, the needs of these clients, and the services provided each new client. In addition, each local program is required to maintain the following information in each client file: participant enrollment form, release of information form, progress report, inter-agency referral form, intake report to the Office of Probation and Parole, participant status report to the Office of Probation and Parole, contact schedule sheet(s), and a termination form (if the client no longer needs the services of Virginia CARES).*

### **Consideration 3: Not all CAAs perform equally well.**

Community action agencies are generally independent, autonomous organizations. Each CAA makes its own decisions about programs, finances, organization, staffing, and other aspects of their operations.

The performance of community action agencies was found to be varied. Delivery of programs, fund raising efforts, and costs for administering their programs were different in each CAA.

Many CAAs offer a broad range of services, while others have only limited service offerings. Further, based on an analysis of performance indicators of selected programs, it appears that not all CAAs carry out programs or address the needs of the low-income population equally well.

In terms of fund raising efforts, community action agencies state that they rely on the CSBG and the recent State appropriation as core funding which aids them in raising revenues from other sources. The extent of this fund-raising also differs among the 27 CAAs. Analysis of funding amounts and sources showed that all CAAs received revenues from sources other than the CSBG and State non-program designated funds. Of those CAAs, one receives as much as \$24 for every one dollar of CSBG and State non-program designated funds. Others receive as little as one dollar for every one dollar of CSBG and State non-program designated funds.

The amount of funds which CAAs budgeted for functions related to agency administration and operations varies markedly. Administrative and operating costs ranged from eight percent of one CAA's total budget to 25 percent of another CAA's budget. Striking differences were found within specific cost categories.

### **Consideration 4: Fund availability could be increased or improved through cost-saving measures and expanded local support.**

The State may also want to give consideration to two areas related to CAA finances. These considerations involve potential cost savings measures and increased local support for community action.

*Potential Cost Savings Measures.* CAAs could possibly realize cost saving by assessing several areas of operations and modifying current practices, if applicable. Actions that could lead to cost savings include:

- reducing the number of VACAA conferences held each year,
- reviewing administrative expenditures,

- reviewing the need for and effectiveness of current programs to ensure that current expenditures are being directed toward the most significant needs of the low-income population,
- reviewing eligibility requirements and fees for non-low-income recipients of CAA services,
- assessing CAAs which demonstrate program and organizational weaknesses to identify if operations could be enhanced or economies realized through consolidation.

Actions in these areas could potentially result in cost savings. The resultant funds could then be applied to other areas of need identified by the CAAs including salaries, equipment, and programs.

***Recommendation (19).*** DSS should request that statewide and local community action agencies undertake cost-saving assessments. DSS should pursue these activities with community action agencies as a part of routine monitoring.

***Increased Local Support for Community Action.*** Although community action is a locally-focused effort, there is no federal requirement that local entities financially support community action. However, DSS has imposed a matching requirement for CSBG allocations. A 20 percent match is required from non-federal sources. This match can be in the form of cash or in-kind services.

The extent to which CAAs currently receive support from their local governments varies greatly throughout the State. One CAA, Fairfax (FDCA), receives the majority of its funding from the local government. Others, including Cumberland (CPAC), Danville (CIC), Gate City (RADA), Lynchburg (LCAG), Marion (MCAP), Onancock (ESCDG), Rocky Mount (FCCAA), and Waverly (SSGIA), receive no general fund cash support from their local governments. Other CAAs which serve multiple jurisdictions receive support from some, but not all, of the localities in which they provide services.

The State's non-program designated funding provided for FY 1988 through FY 1990 did not require a match. However, it seems reasonable for State appropriations to require a 20 percent match as is required for CSBG funds. The match could recognize local ability to pay.

There are two reasons why a funding match appears reasonable. First, CAAs are located in only two-thirds of the jurisdictions within the State. These localities are receiving more State funds to meet the needs of their low-income citizens than are localities without CAAs. Therefore, the match would help ensure that the areas which receive this additional benefit are also contributing to programs which benefit their citizenry.

Second, local involvement is required in other human service programs which the State funds. Localities are required to contribute a ten percent match of State funds in certain social service programs such as day-care and companion services. Still other programs, such as the State and local hospitalization (SLH) program, require a local match of 25 percent.

The adoption of a matching requirement could have a number of advantages as well as drawbacks. The primary advantage would be that the effect of a State appropriation would be intensified. CAAs would be required to draw funds from other sources to obtain the State non-program designated funds.

The primary disadvantage would be that some CAAs could possibly not raise the match and would therefore not be eligible for the State funds. This could possibly occur in extreme low-income areas where local governments either chose not to contribute or did not have the fiscal capacity to contribute, and alternate match sources could not be found.

***Recommendation (20).*** The State may wish to consider requiring a 20 percent funding match for any future State appropriation of non-program designated funding to community action agencies. The Secretary of Health and Human Resources should assess the feasibility of such a match.

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## Appendixes

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## **Appendix A**

### **ITEM 469 OF THE 1987 APPROPRIATIONS ACT:**

“The Joint Legislative Audit and Review Commission shall conduct a performance audit and review of the programs and activities of Community Action Agencies. The Commission shall complete its work no later than November 1, 1988, and submit its recommendations to the 1989 Session of the General Assembly.”

## Appendix B

### LOCALITIES SERVED BY COMMUNITY ACTION AGENCIES

| <u>Agency</u>   | <u>Type of<br/>Service Area</u> | <u>Localities Served</u>  |
|---|---------------------------------|---|
| Alexandria Department of<br>Human Services, Division<br>of Economic Opportunities<br>(ADHS/DEO) | Urban                           | City of Alexandria.   |
| Arlington Community Action<br>Program (ACAP)  | Urban                           | Arlington County.   |
| Central Piedmont Action<br>Council (CPAC)   | Rural                           | Counties of Amelia,<br>Buckingham, Cumberland,<br>Prince Edward; limited services<br>to Charlotte, Goochland, and<br>Nottoway Counties. |
| Clinch Valley Community Action<br>(CVCAA)   | Rural                           | County of Tazewell.   |
| Community Improvement Council<br>(CIC)  | Urban                           | City of Danville; limited services<br>to Halifax and Pittsylvania<br>Counties.  |
| Eastern Shore Community<br>Development Group (ESCDG)  | Rural                           | Counties of Accomack and<br>Northampton.  |
| Fairfax County Department<br>of Community Action (FDCA)   | Urban                           | County of Fairfax.  |
| Fauquier Community Action<br>Committee (FCAC)   | Rural                           | County of Fauquier.   |
| Franklin County Community<br>Action Agency (FCCAA)  | Rural                           | County of Franklin; limited<br>services to Patrick County.  |
| Greene County Community<br>Development Advisory<br>Council (GCCDAC)                             | Rural                           | County of Greene.   |
| Halifax County Community<br>Action Agency (HCCA)  | Mixed                           | City of South Boston; County of<br>Halifax; limited services to<br>Brunswick and Mecklenburg<br>Counties.                               |
| Lynchburg Community Action<br>Group (LCAG)  | Mixed                           | Cities of Bedford and<br>Lynchburg; Counties of<br>Amherst, Appomattox, Bedford;<br>limited services to Campbell<br>County.             |

| <u>Agency</u>                                      | <u>Type of Service Area</u> | <u>Localities Served</u>   |
|--|-----------------------------|--|
| Monticello Area Community Action Agency (MACAA)    | Mixed                       | City of Charlottesville; Counties of Albemarle, Fluvanna, Louisa, and Nelson; limited services to Greene County.                                     |
| Mountain Community Action Program (MCAP)           | Rural                       | Bland, Smyth, and Wythe Counties.  |
| Newport News Office of Human Affairs (NNOHA)       | Urban                       | Cities of Newport News and Hampton; limited services to Cities of Norfolk, Poquoson, Virginia Beach; Counties of Surry, Charles City.                |
| New River Community Action (NRCA)                  | Mixed                       | City of Radford; Counties of Floyd, Giles, Montgomery and Pulaski.   |
| People, Inc. (People)                              | Mixed                       | City of Bristol; Counties of Washington and Russell; limited services to Dickenson County.   |
| Pittsylvania County Community Action (PCCA)        | Mixed                       | Counties of Pittsylvania and Henry; City of Martinsville; limited services to City of Danville, Counties of Franklin and Patrick.                    |
| Powhatan-Goochland Community Action Agency (PGCCA) | Rural                       | Counties of Powhatan and Goochland.  |
| Quin Rivers Agency for Community Action (QRACA)    | Rural                       | Counties of Charles City, New Kent, King William; limited services to Counties of Caroline and King and Queen.                                       |
| Richmond Community Action Program (RCAP)           | Urban                       | City of Richmond; limited services to City of Petersburg.  |
| Rooftop of Virginia (Rooftop)                      | Mixed                       | City of Galax; Counties of Carroll and Grayson.  |
| Rural Areas Development Association (RADA)         | Rural                       | Counties of Scott and Wise; limited services to Counties of Buchanan, Dickenson, and Lee.  |
| Southeast Tidewater Opportunity Program (STOP)     | Urban                       | Cities of Chesapeake, Norfolk, Virginia Beach, Portsmouth, Suffolk; limited services to City of Franklin; Counties of Isle of Wight and Southampton. |

| <u>Agency</u>  | <u>Type of Service Area</u> | <u>Localities Served</u>  |
|--|-----------------------------|---|
| Sussex-Surry-Greenville Improvement Association (SSGIA)          | Mixed                       | Counties of Sussex, Surry, and Greenville; City of Emporia.   |
| Total Action Against Poverty (TAP)                               | Mixed                       | Cities of Buena Vista, Clifton Forge, Covington, Lexington, Roanoke, and Salem; Counties of Botetourt, Craig, Roanoke, Rockbridge, and Alleghany. |
| Williamsburg-James City County Community Action Agency (WJCCCAA) | Mixed                       | City of Williamsburg; James City County.  |

| <u>Statewide Programs</u>       | <u>Type of Service Area</u> | <u>Localities Served</u> |
|---------------------------------|-----------------------------|--------------------------|
| Project Discovery               | N/A                         | Statewide                |
| Virginia CARES                  | N/A                         | Statewide                |
| Virginia Water Project          | N/A                         | Statewide                |
| Virginia Weatherization Program | N/A                         | Statewide                |

Source: JLARC CAA mail survey, July 1988.

**Appendix C**  
**Sources and Amounts of Cash Funding**  
**for Community Action Agencies in Virginia**  
**FY 1988**

| <u>Agency</u>            | <u>Federal<br/>Government</u> | <u>State<br/>Government</u> | <u>Local<br/>Government</u> | <u>Private<br/>Entities</u> | <u>Self-Generated</u> | <u>Petroleum Violation<br/>Escrow Account</u> | <u>Total</u>        |
|--------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------|---|---------------------|
| Abingdon (People)*       | \$1,026,983                   | \$173,647                   | \$ 9,887                    | \$ 40,645                   | \$ 0                  | \$ 88,024                                     | \$ 1,339,186        |
| Alexandria (ADHS/DEO)*   | 614,719                       | 101,028                     | 253,297                     | 0                           | 142,500               | 9,288   | 1,120,832           |
| Arlington (ACAP)         | 1,052,718                     | 290,628                     | 78,908                      | 9,216                       | 0                     | 27,170  | 1,458,640           |
| Charlottesville (MACAA)* | 1,232,838                     | 101,739                     | 94,459                      | 12,219                      | 67,844                | 0   | 1,509,099           |
| Chatham (PCCA)           | 2,120,231                     | 46,451                      | 80,000                      | 9,300                       | 5,036                 | 175,473                                       | 2,436,491           |
| Christiansburg (NRCA)    | 1,027,881                     | 46,503                      | 111,714                     | 20,606                      | 788,946               | 0   | 1,995,650           |
| Cumberland (CPAC)*       | 1,239,548                     | 106,949                     | 0                           | 4,500                       | 62,300                | 219,637                                       | 1,632,934           |
| Danville (CIC)           | 513,695                       | 62,731                      | 0                           | 0                           | 20,415                | 0   | 596,841             |
| Fairfax (FDCA)           | 1,665,103                     | 39,255                      | 3,383,438                   | 0                           | 0                     | 0   | 5,110,515 **        |
| Galax (Rooftop)          | 910,931                       | 78,998                      | 10,500                      | 0                           | 100,333               | 128,168                                       | 1,228,930           |
| Gate City (RADA)         | 654,561                       | 35,438                      | 0                           | 9,522                       | 0                     | 344,380                                       | 1,043,901           |
| Lynchburg (LCAG)         | 1,243,576                     | 49,092                      | 0                           | 57,367                      | 2,000                 | 127,052                                       | 1,479,087           |
| Marion (MCAP)            | 1,745,919                     | 38,955                      | 0                           | 54,612                      | 257                   | 130,877                                       | 1,970,620           |
| Newport News (NNOHA)*    | 1,400,238                     | 158,531                     | 61,528                      | 41,203                      | 500                   | 47,551  | 1,709,551           |
| Norfolk (STOP)           | 3,948,472                     | 177,929                     | 59,009                      | 9,099                       | 0                     | 450,825                                       | 4,645,334           |
| Onancock (ESCDG)*        | 278,384                       | 76,229                      | 0                           | 0                           | 0                     | 90,622  | 445,235             |
| Powhatan (PGCCA)*        | 402,057                       | 90,585                      | 40,000                      | 0                           | 11,907                | 0   | 544,549             |
| Providence Forge (QRACA) | 314,081                       | 91,125                      | 15,000                      | 8,689                       | 191                   | 0   | 429,086             |
| Richmond (RCAP)*         | 1,654,196                     | 264,961                     | 200,000                     | 81,812                      | 40,700                | 0   | 2,241,669           |
| Roanoke (TAP)            | 4,241,516                     | 363,393                     | 175,478                     | 164,597                     | 182,110               | 382,492                                       | 5,509,586           |
| Rocky Mount (FCCAA)*     | 592,555                       | 35,424                      | 0                           | 9,214                       | 151,179               | 95,710  | 884,082             |
| South Boston (HCCA)*     | 488,147                       | 91,834                      | 13,841                      | 0                           | 11,600                | 82,537  | 687,959             |
| Stanardsville (GCCDAC)*  | 79,495                        | 110,967                     | 0                           | 0                           | 18,000                | 0   | 208,462             |
| Tazewell (CVCA)          | 970,833                       | 49,967                      | 17,494                      | 10,899                      | 3,502                 | 113,483                                       | 1,166,178           |
| Warrenton (FCAC)         | 433,674                       | 29,522                      | 7,500                       | 25,737                      | 0                     | 0   | 496,433             |
| Waverly (SSGIA)*         | 259,649                       | 72,538                      | 0                           | 0                           | 0                     | 0   | 332,187             |
| Williamsburg (WJCCCAA)*  | 522,828                       | 29,522                      | 52,750                      | 21,250                      | 62,418                | 37,363  | 732,449 ***         |
| <b>TOTAL</b>             | <b>\$30,634,828</b>           | <b>\$2,813,941</b>          | <b>\$4,664,803</b>          | <b>\$ 590,487</b>           | <b>\$1,671,738</b>    | <b>\$ 2,550,652</b>                           | <b>\$42,955,486</b> |

\* CAA reported funds which do not correspond to the State fiscal year.

\*\* Total amount includes \$22,719 which Fairfax reported from other sources.

\*\*\* Total amount includes \$6,318 which Williamsburg reported from other sources.

Source: JLARC CAA mail survey, July 1988.

## Appendix D

### TECHNICAL APPENDIX SUMMARY

JLARC policy and sound research practice require a technical explanation of the research methodology. The full technical appendix for this report is available for inspection at JLARC, Suite 1100, General Assembly Building, Capitol Square, Richmond, Virginia 23219.

The technical appendix includes a detailed explanation of the special methods and research employed in conducting the study. The following is a brief overview of the major research techniques used during the course of this study.

1. Mail Survey. A 56 page mail survey designed to collect program and financial information was sent to each community action agency. A slightly different mail survey was sent to the four statewide community action organizations.
2. Site Visits to Local CAAs and Statewide Organizations. Each of the 27 local community action agencies and the four community action statewide organizations was visited at least once during the study. A total of 174 person days were spent on site. During the site visits, interviews were conducted, files were examined, responses to the mail survey were validated, and programs and operations were observed.
3. In-person Structured Interviews. Instruments were designed to collect in-depth qualitative information during the site visits. Over 151 structured face-to-face interviews were conducted including interviews with:
  - 27 local CAA directors,
  - four community action statewide organization directors,
  - 75 members of CAA boards of directors, at least two at each CAA,
  - 27 CAA finance directors,
  - 17 CAA planners,
  - the director of the Office of Community Services in the Department of Social Services.
4. Telephone Interviews. Survey instruments were designed to collect information over the telephone from a variety of respondents. Over 75 structured telephone interviews were conducted including interviews with:
  - 35 officials in eight communities with community action agencies,
  - 27 officials in five communities without community action agencies,

- program monitors in the Departments of Criminal Justice Services, Education, and Housing and Community Development,
  - 12 CSBG coordinators in the southeastern states,
  - staff in the federal Office of Community Services in the Department of Health and Human Services.
5. Document reviews. Numerous documents were reviewed to collect information on community action. Federal regulations, relevant sections of the *Code of Virginia*, the State Plan for 1988, and the State's CSBG Guidelines (1983) were reviewed to determine operational requirements for CAAs and DSS. In addition, prior studies of community action and CSBG quarterly reports were examined. Finally, documents such as end-of-year reports and promotional material submitted by CAAs were also reviewed.
6. Analytical Assessments. Analytical assessments were made in a number of areas. Data from the program and financial portions of the mail survey were analyzed to compare program performance and financial status. In addition, analyses were conducted to determine organizational viability and level of accountability for each CAA.

## **Appendix E**

### **AGENCY RESPONSES**

As part of an extensive data validation process, the Governor's Secretary of Health and Human Resources, the Department of Social Services, the 27 community action agencies, and the four community action statewide organizations were given an opportunity to comment on an exposure draft of this report.

Comments were solicited in two ways. First, full copies of the exposure draft were sent to all parties mentioned above. In each case, written comments were requested. Second, a meeting was held with representatives of the Virginia Association of Community Action Agencies and the four community action statewide organizations during which their concerns with the report were discussed.

Written responses were received from the Secretary of Health and Human Services, the Department of Social Services, 13 community action agencies, and three community action statewide programs. The responses from the Secretary, the Department, and the Virginia Association of Community Action Agencies are included with this report. The written responses of the community action agencies and the community action statewide programs are on file at the JLARC staff offices and may be inspected on request.

Appropriate technical corrections resulting from the responses have been made in this version of the report.



# COMMONWEALTH of VIRGINIA

*Office of the Governor*

*Richmond 23219*

Eva S. Teig  
Secretary of Human Resources

December 12, 1988

Mr. Philip A. Leone  
Director  
JLARC  
Capitol Square  
Richmond, Virginia 23219


Dear Phil:

I would like to extend my congratulations to you and the staff of JLARC for a thorough analysis of community action agencies in Virginia. I have discussed this report with Commissioner Jackson who will be presenting a more formal response to the report today.

Please be assured that we will work closely together to implement the recommendations contained in the report.

I appreciate the hard work of your staff and the objective manner in which they approached this subject. The information which was produced will be very valuable as we move forward to strengthen Virginia's community action programs.

Sincerely,

  
Eva S. Teig

EST/mcb



# COMMONWEALTH of VIRGINIA

## DEPARTMENT OF SOCIAL SERVICES

December 5, 1988

Mr. Philip A. Leone, Director  
Joint Legislative Audit and  
Review Commission  
Suite 1100  
General Assembly Building  
Richmond, VA 23219

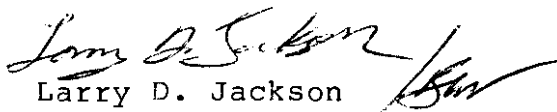
Dear Mr. Leone:

The Department of Social Services is in receipt of the exposure draft of your report, Review of Community Action in Virginia. The report is very comprehensive, accurate and well organized. The local community action agencies will be correcting all information directly related to their operations. DSS will present comments regarding the twenty (20) recommendations in the report with our plans for action. We appreciate the excellent job accomplished by you and your staff in this research document since Community Action is such a diverse and complex program in Virginia.

The Department of Social Services is very pleased with the extensive nature of the study conducted by the Joint Legislative Audit and Review Commission. The report is a valuable instrument for the enhancement of community action services to low-income Virginians.

We appreciate the assistance provided by the study and intend to act upon the recommendations as soon as practical.

Cordially,

  
Larry D. Jackson  
Commissioner

cc: Secretary Teig  
Bobby Vassar  
Pat Godbout  
Fay Lohr

LDJ/FGL/bb

Attachment

*An Equal Opportunity Agency*

**VSSA**  
PEOPLE HELPING PEOPLE

**DEPARTMENT OF SOCIAL SERVICES  
ACTION PLAN**

Recommendation (1). Consistent with 2.1-598 of the Community Action Act, the Department of Social Services should examine and revise the formula for distributing the federal FY 1990 CSBG allocation and any future CSBG and State non-program designated allocations. This revision should include phasing out the historical factor within the next three years. The Department of Social Services should report its revised formula to the Secretary of Health and Human Resources by June 1, 1988.

The Department of Social Services plans to revise the formula for distributing the federal FY 1990 CSBG and State non-program designated allocations. The formula for distribution will be consistent with the CSBG Act. The Department of Social Services will report its revised formula to the Secretary of Health and Human Resources by June 1, 1989.

Recommendation (2). The Department of Social Services should follow the intent of the Virginia Public Procurement Act. The DSS should solicit comments from all eligible parties when developing a request for proposals. In addition, consideration should be given to including experts and other knowledgeable individuals outside the CAA system in the development of RFPs and other competitive procedures concerning funding.

The Department of Social Services has initiated a new system which requires that all RFPs must be reviewed by the Deputy of Finance and the staff person responsible for knowledge of the Virginia Public Procurement Act. At present DSS solicits comments from all eligible parties when developing a request for proposal where

appropriate. We are also including experts and other knowledgeable individuals outside the CAA system in the development of RFPs and other competitive procedures concerning funding. The reorganization of DSS will also help to facilitate this problem since key staff will be assigned to work in the Procurement area.

Recommendation (3). The Department of Education should work with Project Discovery to design and implement an equitable and impartial funding formula. This formula should be used to allocate any future State funds to be disseminated from Project Discovery.

The Department of Social Services will contact the Department of Education and offer to assist them any way we are able to design and implement an equitable and impartial funding formula. We will work with the Department of Education to be sure that the new formula will be used to allocate any future State funds to be disseminated from Project Discovery.

Recommendation (4). The Department of Social Services should distribute all State and federal funds administered by the Office of Community Services using the State fiscal year.

The Department of Social Services is in the process of changing all distributions of State and federal funds administered by the Office of Community Services to the same funding cycles. All CSBG grants would operate on the federal fiscal year (October 1 through September 30.) All State funds would operate on the State fiscal year (July 1 through June 30). All other funds for which OCS is responsible will be contracted on their appropriate contract year.

Recommendation (5). The Department of Social Services should work with local and statewide CAAs to develop a format for submission of comprehensive financial information on each CAA. This information should be submitted on a periodic basis. The Department of Social Services should prepare a "descriptive" budget summary on an annual basis which organizes this information in a fashion that would be helpful to OCS in its funding and oversight role. Further, specific reporting requirements should be developed for any non-program designated appropriations from the State. This information should be submitted in a format which will allow OCS to monitor the uses and outcomes of the appropriations.

With the completion of the Department of Social Service's Reorganization Plan we will be able to provide stronger financial support to the Office of Community Services. We concur that DSS should work with local and statewide CAAs to develop an improved format for submission of comprehensive financial information on each local CAA and statewide. This information would be submitted on a periodic basis. The DSS will prepare a "descriptive" budget summary on an annual basis which organizes the fiscal information in a way that will provide a more accurate oversight role. We will also develop specific reporting requirements for any non-program designated appropriations from the State. These improvements will assist to monitor the uses and outcomes of the appropriations in a more accurate and useful manner.

Recommendation (6). The Office of Community Services should establish a target for administrative costs at the CAAs. The OCS should monitor the CAAs administrative expenses and provide the assistance necessary to help them meet the established target.

The Department of Social Services will establish a target for administrative costs at the CAAs and the statewide agencies. The OCS will monitor the administrative expenses and provide the

assistance necessary to help the CAAs meet the established target. We will also assist the CAAs in defining administrative expenses so that an accurate measure can be made.

Recommendation (7). The Commissioner of the Department of Social Services should direct the OCS to develop an oversight policy and make systematic monitoring of CAAs a priority. The Commissioner may wish to designate a team of DSS professionals to assist in this task. The team should develop formal procedures for evaluating community action program operations and financial management. The procedures should address document reviews as well as on-site monitoring visits. The procedures should also state the criteria by which community action agencies are to be evaluated and reflect criteria outlined in the CSBG State Plan. In addition, the OCS should detail how each criterion is to be measured. Written feedback should be provided to the agencies on an annual basis detailing whether each criterion was met and how agency operations should be improved.

The Department of Social Services will develop an oversight policy and make systematic monitoring of CAAs a priority. DSS will review the formal procedures for evaluating community action program operations and financial management. The procedures will include document review as well as on-site monitoring visits. The procedures will be congruent with the criteria as outlined in the CSBG State Plan. Written feedback will be provided to the agencies on an annual basis detailing whether each criterion was met and how agency operations should be improved.

Recommendation (8). The Department of Social Services, the Department of Criminal Justice Services, the Department of Education, and the Department of Housing and Community Development should continue to monitor the respective community action statewide organizations which each funds. Each agency should establish written procedures for monitoring activities, and monitoring should be required at least annually. DSS should establish agreements with the Departments of Criminal Justice Services, Education and Housing and Community Development to receive copies of all

monitoring reports. DSS should also prepare and submit biennially a report to the Secretary of Health and Human Resources summarizing the status of all community action programs funded by State agencies. The report should include each CAA's success or lack of success in achieving its stated program objectives.

The Department of Social Services will establish agreements with the Departments of Criminal Justice Services, Education and Housing and Community Development to receive copies of all monitoring reports. In addition DSS will initiate a closer working relationship with the other Departments involved in the monitoring of the community action statewide organizations which each funds. DSS will prepare biennially a report to the Secretary of Health and Human Resources summarizing the status of all community action programs funded by State agencies.

Recommendation (9). As a high priority oversight objective in 1989, the DSS should review the programs of the agencies identified in this chapter as providing services without eligibility requirements. DSS should assist each agency in the development of procedures addressing services to non-low-income clients. In general, clients that do not qualify as low-income persons should be charged for services according to a sliding fee scale developed by the agency and reviewed by OCS. (Emergency service programs and other programs where it is not reasonable to require eligibility requirements may be excepted).

As a high priority oversight objective in 1988, the DSS will review the programs of the agencies identified in the JLARC review as providing services without eligibility requirements. DSS will assist each agency in the development of procedures for services to non low-income persons. Non low-income persons will be charged on a sliding fee scale developed by the CAA and reviewed by OCS.

Recommendation (10). The Department of Social Services should develop a uniform policy regarding the provision of community action agency services to non-Virginia residents. The policy should focus in part on those services which may be supported with State general funds. CAAs should operate in conformance with this policy.

The Department of Social Services will develop a uniform policy regarding the provision of community action services to non-Virginia residents. The policy will focus in part on those services which may be supported with State General funds. No services will be provided to non-Virginia residents without permission from the DSS with a written justification for the necessity of providing the services.

Recommendation (11). The Department of Social Services should assemble a team of CAA administrative personnel to develop practical solutions to CAA records management problems. The team should develop records management procedures which allow agencies to accurately track the total unduplicated number of clients served, the types of services provided to each client, and the number of services provided for each client during a program or fiscal year. These records may be manual or automated. At a minimum, the records should contain the clients' names and the services received.

The Department of Social Services through the OCS has as a goal for this fiscal year the development of records management procedures which allow agencies to accurately track the total unduplicated number of clients served, the types of services provided to each client and the number of services provided during the fiscal year. The new national director of the Office of Community Services has mandated that these services be improved and will be providing training on how to maintain unduplicated records. The entire reporting system nationally and on the state

level will beg redesigned. DSS will monitor to see that the records kept by CAAs contain at least the clients' name and the services received. This will be a training initiative for this fiscal year as staff and money allow.

Recommendation (12). Community action agencies should maintain a client file on every person who receives a service from the agency. Due to the practical difficulty of maintaining files for certain types of programs, however, soup kitchens, emergency shelters, and public transportation programs should be exempted from this requirement. At a minimum, client files should include (1) a listing of the services provided to the client, (2) the date those services were provided, and (3) documentation verifying the eligibility of the client for the services. Department of Social Services staff should monitor community action agencies to ensure compliance with these minimum requirements.

The Department of Social Services will monitor local CAAs and statewides to assure that a client file is maintained on every person who receives a service except where the service is exempted from record keeping by DSS. We will assure that the client files will include (1) a listing of the services provided, (2) the date the services were provided and (3) documentation verifying the eligibility of the client for the service.

Recommendation (13). DSS should work closely with Danville (CIC) and Standardville (GCCDAC) to determine if consolidation with other CAAs could enhance the provision of low income services in those areas. Any actions concerning agency consolidation should be made pursuant to 2.1-597 of the Code of Virginia. Further, as part of the Department of Social Services oversight process, the Office of Community Services should regularly examine the organizational viability of all community action agencies.

The Department of Social Services is concerned about the administrative viability of the Danville (CIC) and Greene County

(GCCDAC) agencies. DSS will study the feasibility and appropriateness prior to consolidating small agencies. The Green County director has been encouraged to expand the agency into the neighboring counties that are uncapped.

Recommendation (14). The General Assembly may wish to amend 2.1-595 of the Code of Virginia to require that membership of community action statewide organization boards of directors conform to membership requirements for community action agency boards.

The Department of Social Services will request that the Code of Virginia be amended to require that membership of community action statewide organization boards of directors conform to the membership requirements for community action agency boards. DSS will provide assistance to the statewide organizations in facilitating this suggested change.

Recommendation (15). The Department of Social Services should monitor community action agencies to ensure that agencies with less than a one-third low-income representation comply with State and federal requirements concerning composition of community action boards.

The Department of Social Services requires that each agency be monitored on an annual basis. One part of the monitoring instrument requires a review of the board structure to verify that the one-third low-income representation complies with State and federal requirements concerning composition of community action boards. In addition OCS will provide technical assistance and follow-up to be sure this recommendation is met. The annual application for funds by each CAA also requires that a list of the

board members and the segment of the population they represent on the board.

Recommendation (16). The General Assembly may wish to amend 2.1-591 of the Code of Virginia to make State provisions regarding membership of public officials on community action agency boards parallel federal statutes. The amended section would state "One-third of the members of the board shall be elected public officials or their designees, who shall be selected by the local governing body or bodies of the service area; except that if the number of elected officials reasonably available and willing to serve is less than one-third of the membership of the board, membership on the board of appointive public officials may be counted in meeting such one-third requirement."

The Department of Social Services will seek to have the General Assembly make the necessary changes to the Code of Virginia 2.1-591 to make State provisions regarding membership of public officials on community action agency boards parallel federal statutes. DSS will assist the General Assembly in whatever way is necessary to make the change in the Virginia Code.

Recommendation (17). The Department of Social Services should assess local CAA board training. DSS should assist in the development of board training programs and include a review of these programs during on-site monitoring visits.

The Department of Social Services has provided local CAA board training. Staff and time availability has not been sufficient to provide adequate training. OCS has developed a generic board training module which can be presented to all local CAA boards. Under reorganization board training will be a priority of DSS. Board training is a question on the monitoring instrument at present.

Recommendation (18). VACAA should consider decreasing the number of CAA conferences held each year.

The Department of Social Services is concerned that the time for meetings be the most efficient and effective allocation of public resources. DSS is reviewing the number of CAA conferences held each year in an attempt to reduce the amount of time and money spent.

Recommendation (19). DSS should request that statewide and local community action agencies undertake cost savings assessments. DSS should pursue these activities with community action agencies as a part of routine monitoring.

The Department of Social Services will request that statewide and local community action agencies work to develop a cost savings assessment process. DSS will develop an instrument to collect this information and incorporate it into the routine monitoring of the CAA agencies.

Recommendation (20). The State may wish to consider requiring a 20 percent funding match for any future State appropriation of non-program designated funding to community action agencies. This match could be similar to that required for the CSBG. The Secretary of Health and Human Resources should assess the feasibility of such a match.

The Department of Social Services will work with the Secretary of Health and Human Resources to assess the feasibility of a required 20 percent match for any future State appropriation of non-program designated funding to community action agencies. DSS concurs with the need to leverage any additional funds to maximize limited resources.

# Virginia Association of Community Action Agencies, Inc.

517 West Grace Street, Suite 105 • Richmond, Virginia 23220 • (804) 786-1798

January 6, 1989

Mr. Philip A. Leone  
Director  
Joint Legislative Audit and Review Commission  
Suite 1100, General Assembly Building  
Capitol Square  
Richmond, VA 23219

Dear Phil:

Happy New Year. Unfortunately the illness that I was suffering from during the Senate Finance Subcommittee Hearing ended up a protracted illness bordering on pneumonia throughout the entire holidays which rendered me unable to submit the Community Action response to be included in the JLARC study.

Please accept these remarks drafted by Cabell Brand as Community Action's statement.

Best wishes to you and your staff for 1989.

Sincerely yours,

  
Ted Edlich  
President

TE/ljb

Enclosure

JAN 10 1989

COMMUNITY ACTION: AGENCIES FOR ALL SEASONS

Community Action's Response to the JLARC Review of Community Action

by E. Cabell Brand

12/19/88

Good afternoon. On behalf of the 27 Virginia Community Action Agencies, the more than 6,000 board members and volunteers and 1,600 full and part-time staff, let me thank you for the opportunity to give you a first hand look at Community Action through a short slide show and to make a few comments of my own.

I am Cabell Brand, a Roanoke Valley businessman. I am typical of most people who labor in Community Action. I am a volunteer and a member of a Community Action Board. Next year I will have been involved with Community Action for a quarter century. I have also served on the Governor's Commission on Domestic Programs and Federal Funds and am currently Vice Chairman of the State Board of Health.

Most of you have heard me speak on Community Action before. I am not going to spend a lot of time detailing what is going on in Virginia. All of you have received the latest copy of The Cutting Edge featuring 14 of the latest innovative Community Action programs. I commend that to your reading.

I want instead to talk a few minutes about the recently released JLARC report on Community Action in Virginia.

Let me begin by saying that I am pleased with the JLARC Report on Community Action. I have read it from cover to cover and agree with ninety percent of the recommendations.

Two years ago some of you were not too sure about Community Action across this state. A few agencies had gotten good publicity but you wondered about the rest. Were they fiscally sound? Did they really serve the poor? Did they fulfill a unique, distinctive role or was there widespread duplication? Were these agencies really viable organizations over the long haul? Was there waste and mismanagement? These were important questions to be answered before considering additional state allocations to Community Action.

The report answers those fundamental questions decisively and allays some of those fundamental concerns. We have excerpted many of the answers in the enclosed report. Let me cite just a few:

"The mission of Community Action has not changed significantly during its 24 year history. Continued emphasis is still placed on having a measurable impact on the causes of poverty." p. 2.

"The on-site Financial Review of CAAs indicates that the basic procedures for fund management are sound at most community action agencies." p. 37.

"It appears that the majority of community action agencies are serving appropriate client groups and recognize the need to restrict eligibility to those individuals most in need." p. 113.

The report found no large scale duplication of services among community action agencies and other organizations. It says, "Assessment in this area indicates that some duplication does occur. However, factors such as demand for services and geographic consideration indicate that some of the duplicative service may be justifiable." JLARC concludes "Much of the apparent duplication between CAAs and other human service organizations occurs in emergency service programs...soup kitchens and shelters."p.97.

Twenty-five of the twenty-seven agencies were judged to be fully viable with "ability to provide needed services to low-income persons and to attract and develop support, such as funding and community participation, necessary for continued operation."p.130.

The report does suggest cost savings in two categories: Administration and operations costs and at statewide conferences. And I assure you that we will look hard at those areas to see if criticism is indeed justified.

We have already done a study to assess administrative cost across the state separating administration fully from program operation costs. We find that no agency's administrative cost exceeds 15% and that the average administrative cost rate is 12.2%.

With respect to VACAA statewide conferences, the report neglects to mention that 50% of those conference costs were sustained by our four statewide agencies to conduct their required Board business and to train staff. The four organizations meet at the same time in order to reduce overall costs. Much of the Norfolk CAA's cost went for registration and meal reimbursement for low income leaders and volunteers, as well as staff who live in Tidewater areas other than Virginia Beach.

Over 40 state legislators and the last two Governors have spoken at Community Action meetings held across the state in just the last three years. Not one of them has indicated that these conferences which assist in program coordination and articulating the needs of poor Virginians were a waste of money. Double counting in the accumulation of these costs also resulted in at least a 15-20 percent error rate. Still, in the interest of cost saving, we are considering meeting four rather than five times a year.

It is important to note that while recommendations for improvement were made, there are no key problems of great magnitude: Misuse of Funds, Mismanagement of Resources, Significant and Widespread

Duplication of Services, Deliberate and Conspicuous Waste of Taxpayer Resources.

It is a positive report with a positive response to important questions and positive suggestions.

Frankly, I had hoped that it would have had a bit broader scope. I wish it had traced the decline of funding since 1979 instead of 1983. That would have shown a decline of 30% in core funding without taking inflation into account. I wish it had taken a harder look at the salaries and benefits of some of the most dedicated employees in the Commonwealth. It would have found that average salaries run from under \$10,000 to a high of \$13,000. It would have found that 41% of the agencies have no retirement or annuity plan for their employees and that 67% pay far more for their health insurance than state employees. I wish that they had been more specific about the leveraging ability and the creative resource development of CAA staffs which has resulted in a rise in overall funding, a true credit to community action efficiency. I wish the study had actually documented the unmet needs of the uneducated, the homeless, the unemployed in each CAA jurisdiction.

I wish that JIARC had briefly summarized the contributions which have been made by Community Action in Virginia. More than 100,000 preschool children have graduated from Head Start. Over 54,000 homes of low-income families have been weatherized through VACAA's weatherization program. The Virginia Water Project has brought potable water and sanitary waste facilities to over 45,000 Virginians. Approximately 13,000 prisoners have been assisted by Virginia CARES with their transition back into society. Over 2,500 minority and low-income students, through the efforts of Project Discovery, have been encouraged to raise career aspirations by pursuing post-high school education. In the last two years, Community Action outreach staff conducted over 12,000 community surveys documenting housing, water and waste water needs. In the same two year period, CAAs provided housing counseling or emergency assistance which helped prevent over 28,000 families from homelessness.

Yet, such is life that you rarely get all that you want. We are greatly pleased with the report for which we have waited for two years and will work toward the implementation of its recommendations.

It is more important now that we look beyond the report which has answered so many of the unanswered questions of the General Assembly in a clear and satisfying manner.

It is important that we look toward the future of Community Action in Virginia, building on the solid base which we have worked a quarter of a century to firmly establish.

In my lifetime, there has never been a clearer recognition than there is now of the needs of low-income Virginians. We know that one in six Virginians does not have access to modern medical care. We know that 79,000 families in rural Virginia live in houses without indoor

plumbing. We know that in Virginia there are over 80,000 homeless persons, many of them children. We know that approximately one-fourth of the children who start public school never finish. We know that we have a teenage pregnancy rate of epidemic proportion.

Never in my lifetime has there been a better understanding of the costs of poverty. The costs of welfare caseloads, the costs of crime and building new prisons to house the ill-trained and ill-equipped, the costs of handling the neurological problems of low birth weight babies ascend to astronomical proportions. The costs of a hopeless underclass preying on a society in which they have no stake, feeding on drug cultures and drug driven economies shake the foundations of our democratic society.

As I sat on the Governor's Task Force on Domestic Programs and Federal Funds and attend the State Board of Health meetings, it is clear to me as it is to you that even in this country, we do not have the resources to solve all the problems that confront us. Even if there was the public and political will to do so, I am not sure that we could solve all the medical, housing, employment, and education problems in this Commonwealth tomorrow. It is clear, therefore, that we need to be selective both on who we serve and how we serve them.

Today, the largest group of Virginians and Americans in poverty are children. One in five children is born in poverty, and, without assistance, will never develop the ability to compete in our society and become self-sustaining. Presidents Ford and Carter have jointly issued a report citing children at risk as our greatest national priority. The fact that the majority of the new workforce entries will have to come from our minority and low-income populations makes the care of children an economic as well as a social problem. In spite of the fact that children can't vote and are the most powerless segment of our population, our future will largely be shaped by what we do for all our children. Children must become a top priority for existing resources.

Second, we must capitalize on those organizational structures which most effectively and most economically deliver hope and encouragement to those who have been left behind. More and more, we have to look to private rather than public organizations, local in nature, which in JLARC's words are "flexible and entrepreneurial"; organizations such as Community Action Agencies that are volunteer intensive and capable of leveraging another ten dollars for every dollar of state funds. I find it absolutely amazing and so should you that, with a block grant of 5.5 million dollars, the Virginia Community Action Agencies were able to accumulate over 43 million dollars to assist low-income Virginians stand on their own two feet. What other organizations do you know of that have a record even close to that?

In addition, Community Action Agencies are children oriented. We have operated the vast majority of Head Start Programs, have pioneered child health initiatives, and operated the first alternative education and remedial programs for dropouts. Community Action is oriented to creating independence rather than dependence. Youth and adult

"Education", "Job Training", "Employment" are the watch words of the Community Action mission. Community Action is aimed at getting at the causes of poverty and solving the problem.

Let me tell you what an additional five million dollars of state funds will buy, based on what we have already done with a 5.5 million dollar block grant. It will insure that we will double our Head Start and preschool population and serve an additional 5,000 children a year with a comprehensive early childhood development program. It will mean that we can develop comprehensive health care programs for children 0-7, based on the Roanoke and Fairfax models, in over a third of the jurisdictions in this state. It will mean that we can provide emergency housing services to more than another 30,000 Virginians who are yet unserved. It will mean that we can develop another ten Transitional Living Centers for homeless people, where they can live for up to 18 months as families until they can get a job and afford a place of their own. It will mean that we can start at least five additional local housing corporations and build at least 500 low-income and middle-income dwellings. It will mean that we will be able to serve another 10,000 dropouts and adults with literacy programs, adult basic education classes, and employment programs. It will mean that we will be able to help the Virginia Water Project reduce the number of families without indoor plumbing by more than 5,000. It will mean that we can start two more Foodbanks serving another 12,000 hungry residents in Virginia, to better serve underserved areas. It will mean that we can fully serve the one-third unserved and underserved areas in our state. It will mean all that and much more. Our record is our proof.

All that for a 5.5 million dollar initial investment with which we will leverage another 43 million dollars -- at an average cost per participant of less than \$500.

My message to you, one businessman to another, is that Community Action is the best investment that the Commonwealth can make. With a relatively small appropriation we can change the lives of another one hundred thousand persons, offering them a hand up and not a handout.

I have asked Governor Baliles to include an additional five million dollars in his budget for Community Action. Last year, you rightly delayed in an additional allocation until the JLARC study was complete. I urge you to urge the Governor to budget this truly modest request and good investment. I urge you to support him as his budget is submitted to the General Assembly next year. The need is great. The time is now.

Thank you very much. I will be glad to answer any questions.

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